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JPRS-EER-86-034

11 March 1986

# East Europe Report

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11 March 1986

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ECONOMY

INTERNATIONAL AFFAIRS

# MINISTER SPEAKS ON NUCLEAR PLANT CONSTRUCTION FOR CEMA AND CSSR

Prague HOSPODARSKE NOVINY in Czech No 48, 1985 pp 1-7

/Article by Eng Eduard Saul, minister for metallurgy and heavy industry of the CSSR: "We Know Our Responsibility"/

/Text/ The Construction of Nuclear Power Plants

One of the fruitful fields of the Czechoslovak metallurgy and heavy machine industry has traditionally been the power machine industry. In line with the concept of the construction of nuclear power plants as a part of the development of power engineering in all CEMA member countries, our department was given a qualitatively new task--to create the conditions and ensure the production of equipment for nuclear power engineering. In the course of the Sixth and Seventh 5-Year Plans, we built the corresponding production basis for the VVER 440 nuclear power plants and became fully proficient in the manufacture of equipment for them.

For Us and For CEMA

Today, we ensure complete deliveries of secondary technological equipment for Czechoslovak nuclear power plants and for the blocks of the Seventh and Eighth Nord Nuclear Power Plant in the GDR. We also supply the basic supply equipment and special armatures for domestic needs as well as for the CEMA member countries. Thus we fulfill the agreement of the CEMA countries and the Socialist Federal Republic of Yugoslavia on multiple international production specialization and cooperation and mutual deliveries of equipment for nuclear power plants.

We are currently introducing the production of equipment for a new generation of nuclear power plants with the 1000 MW blocks. This mainly involves the reactors, steam generators, 500 J main circulation piping, turbines, and 1000 MW generators and special armatures for the containment layer. The bulk of the production of this equipment is handled largely by the Skoda Pilsen VHJ as the general supplier of the technology and by the Sigma and Vitkovice VHJs. Alongside the new tasks, the participation of other organizations of our department in the production of equipment for nuclear power is being broadened. Preparations are also being made for the manufacture of some new equipment, such as systems for highly effective filtration and ventilation, equipment for removing radioactive waste, various types of pumps, armatures, exchangers and special transformers.

Most of this equipment is of original Czechoslovak construction, and I am pleased to note that this equipment is of a very good technical level.

For example, mention can be made of the ZFA filtering equipment from Vzduchotechnika (Air Technology) in Nove Mesto na Dvahem, designed for multi-level filtration of radioactive aerosols in the ventilation systems of nuclear power plants, or the system of armatures for nuclear power plants from Sigma Modrany.

The K-155-80 calcinator from the Kralovopolske Machine Works in Brno is a progressive item of equipment that is fully comparable with top foreign products, and is an instrument designated for the elimination of fluid radioactive wastes, as well as other products from the organizations in the metallurgy and heavy machine manufacturing fields. A number of other new items of equipment are the subject of the tasks of the State Plan for the Development of Science and Technology. The manufacture of these items is being harmonized with the construction needs of the Temelin nuclear power plant and with future construction of similar nuclear power plants in the CEMA member countries.

Towards the end of the previous 5-year plan, the first two blocks of the V-1 nuclear power plant with light water VVER 440 reactors in Jaslovske Bohunice were built. The Soviet Union supplied the primary portion of these reactors. The secondary part was supplied by manufacturers from the area of metallurgy and heavy machine industry. The system of organization, construction, design and actual construction relied on significant help from the Soviet side, as well as Soviet supply organizations. The significant completion of the two blocks of the V-1 power plant in Jaslovske Bohunice is the result of lengthy joint cooperation with the USSR, while educating project and production specialists and specialists in the maintenance of complex nuclear power plant equipment.

The construction of other blocks for the VVER 440 nuclear power plants with V-213 reactors in Jaslovske Bohunice and in Dukovany began under the previous 5-year plan. On the recommendation of Soviet specialists, the technical concept of the construction as well as the technological part of these nuclear power plants were significantly altered as compared to the V-1 Jaslovske Bohunice plant. Equipment improving the reliability, safety and technical production characteristics of the blocks was added. This concept was accepted by other CEMA member countries, particularly the GDR for the second part of the Nord nuclear power plant, Hungary for Paks, and Poland for Zarnovec.

The unification of the projects for these nuclear power plants brought concrete results, reflected in the unified solution for the primary parts of the main production block, and enabled Czechoslovak machine industry enterprises to take part in production specialization and to export deliveries of decisive equipment. At present, deliveries of reactors and components have been completed for the fifth block of the Nord nuclear power plant, for four blocks in Paks, for two blocks in the V-2 in Jaslovske Bohunice, and for two blocks in Dukovany.

The Czechoslovak heavy machine industry has taken part in the deliveries of many other nonspecialized equipments for the construction of domestic nuclear

power plants, which significantly lowered the imports. In this 5-year plan, the manufacturing of products for nuclear power plants will amount to approximately Kcs 13 billion, of which Kcs 4.1 billion will be exported.

In spite of some initial technical difficulties, all deliveries planned for the current 5-year plan will be met in harmony with the construction requirements of nuclear power plants at home as well as abroad, while meeting the demands for production quality and the quality of equipment assembly. A significant share in these results can be attributed to our metallurgical plants and metallurgical secondary production, which introduced the production of demanding types of steel and welding materials; thus, practically all the material needs for the nuclear power plants are met domestically.

Under the previous 5-year plan, the deliveries of our organizations to domestic nuclear power plants represented Kcs 788 million; for exports, the figure was Kcs 2,644 million. As opposed to the previous 5-year plan, in the current 5-year plan the rate of production growth for domestic deliveries is approximately 11-fold and the export index is 1.56. The approximately 12-fold increase in deliveries of equipment for nuclear power plants from our department is also a graphic illustration of our significant cooperation with the Soviet Union and other CEMA member countries.

#### Mistakes to be Avoided

However, the high dynamics of the equipment deliveries did not manage completely to fulfill the arrangements specified for meeting the deadlines for testing individual blocks in trial runs. This is true for the construction of nuclear power plants in Jaslovske Bohunice and Dukovany. Several times it was necessary to alter existing network construction timetables and correct subsequent deadlines.

Because of the cooperation of all construction participants, the specified deadlines for placing blocks into operation were met for the first time in 1984. The first block of the V-2 nuclear power plant in Jaslovske Bohunice was brought up for a trial run and the first block in Dukovany was prepared for being powered up. This year, in addition to the successful introduction of the first block into a trial run in Dukovany in May 1985, in September, 2 weeks ahead of deadline, conditions were created for making the second block of the V-2 nuclear power plant ready for the trial run.

The work to prepare for actual powering up of the second block in Dukovany towards the end of the year is successfully drawing to a close. Also in Dukovany, the construction organizations agreed to shorten the annual deadline between bringing blocks 3 and 4 up for trial runs (the third block 10 months and fourth block 7 months). Fulfilling this goal would make it possible to have a trial run of the third block in December 1986 and of the fourth in July 1987. Thus the conditions are being created to fulfill Decree No 167/1984 of the Cabinet of the CSSR Government.

In spite of these positive results, I cannot omit the fact that this amounts to meeting altered deadlines. In the construction of nuclear power plants, in

the first years of the current 5-year plan there were serious slipups in meeting progress deadlines at both construction sites. Their causes must be eliminated in order that similar problems not recur in the construction of nuclear power plants in the next 5-year plan.

#### Improved Management and Planning

The factors impeding the steady construction of nuclear power plants were the subject of a more detailed analysis and are enumerated in Decree No 226/1983 of the Cabinet of the CSSR Government. On the basis of this analysis, a new system for monitoring the construction of nuclear power plants was accepted, including a specific designation of the authority and responsibility of all participants in the process, i.e., the investor, general supplier of the construction portion, and general supplier of the technological portion. Another new element is the systemwide approach to the monitoring of the entire construction, at the level of the vice chairman of the CSSR Government as well as that of ministers, the general supplier of technology, etc. The logical outcome of these accepted measures was improvement in the control and planning of this area in our department.

At our ministry, by Decree No 104/1984 of the Cabinet of the CSSR Government, a nuclear power section was established on 1 July 1984. Headed by the deputy minister, its purpose is to ensure the complex production of the equipment and construction of nuclear power plants. Furthermore, we decided to close the general management's delivery section at the Skoda enterprise--the general supplier of the technological portions--and to establish a Skoda power plant construction enterprise. In the course of 1985, construction plants were established at the nuclear power plants in Dukovany, Mochovce, and Temelin and, at the Skoda enterprise, capacities for the construction of nuclear power plants are being increased for export and repair purposes. A further step in improving our participation in the construction of nuclear power plants will be the establishment of an automated control system for all main activities of the general supplier of technology and the construction plants.

The main goal of the measures that we accepted is the complex and quality fulfillment of the function of the general supplier of the technology for Czechoslovak nuclear power plants at all stages of their construction. That means that, during the preproject and project phases, there is cooperation between the general project manager, investor, and general supplier of the construction part of the nuclear power plant. Furthermore, there is cooperation when ensuring and coordinating deliveries from domestic production as well as from imports, in organizing work and deliveries at the construction sites from the various final suppliers, in ensuring assembly of the equipment, and block lowering, including the completion and placement of the constructions into permanent operation within the planned deadlines.

One of the causes of construction delays for nuclear power plants is the complicated preproject and project preparation, caused above all by the insufficient number of qualified specialists for the project. In 1984 it was necessary to get help from project institutes of the department, particularly for the Kralovopolska engineering plant in Brno, and to accept measures to

increase the permanent project capacity of the organizations of our department beginning in 1985 by 150 specialists, adding 50 each year until 1990. The increase in the number of specialists in the project phase will satisfy the increased demands resulting from the project planning of the Mochovce and Temelin nuclear power plants and the preparations for the construction of another nuclear power plant after 1985.

In the CSSR, project preparation for nuclear power plants is carried out in close cooperation with the Soviet general project manager. As a result, it proved necessary to adjust some Czechoslovak measures and thus adjust our work to the Soviet principles of projecting work and its division into phases. This is particularly true in the case of effectively dividing functional units into Soviet and Czechoslovak zones in the projection process.

Our department will ensure a multifaceted strengthening of discipline among the general supplier of technology and his final and other suppliers in all given areas of the organizational, technological and project aspects of the construction of nuclear power plants. Ongoing solving of disagreements should not be permitted to be necessary, particularly in the project and supply phase. Therefore, a measure was accepted to improve coordination of work between the general supplier of technology and his final suppliers. To aid this process, regular monthly meetings of the general directors are organized directly at the construction site. Each VJH designates a specialized director who is responsible for coordinating and fulfilling the tasks associated with the construction of nuclear power plants.

The progress of nuclear power plant construction is regularly discussed at the monthly meetings of ministry heads with the general directors. The performance as regards meeting construction deadlines in the last 2 years justify the conclusion that we will achieve lasting improvement in the management of nuclear plant construction.

The principles of improving the complex performance of the activities of constructing nuclear power plants also demand that the plans for the construction of nuclear power plants be worked out more precisely. We are currently working on measures which would fulfill the goals of this document. The program of the Federal Ministry of Fuel and Energy for placing blocks into operation by 2002 is the basis for the domestic construction of nuclear power plants on the assumption that the necessary development of supplier capacity will be included in the Guidelines for the Preparation of the National Economic Plan for 1986-1990 and that it will include the necessary development of construction efforts for the Ninth 5-Year Plan as well. Here, the emphasis lies on the need to develop the future planning process.

We base this observation on the fact that preparation for the construction of a nuclear power plant demands at least a 15-year lead, since the average time for the construction of a block is 7 to 9 years and its manufacture and assembly require somewhere between 2 and 5 years. These deadlines will be used in the standardization documents prepared, which must be binding on the participants in the construction so that it is possible to plan equipment deliveries consistent with the average manufacturing and assembly time and with the timing of orders from abroad.

Many difficulties arise from the prolonged negotiations and finalization of annual construction programs, particularly because of the differing opinions of the investor and the supply departments about the volume of binding tasks under the State Plan for each individual construction. As a rule, these negotiations are not closed until the halfway mark of the average year. It also may happen that the volume of work and deliveries which the investor is demanding exceeds the volume needed for the fulfillment of all activities and progress deadlines in a given year. In my view, the decisive criterion in determining the annual volume of binding tasks under the state plan should be guaranteeing material fulfillment, progress deadlines and a valid construction process. According to Decree No 37/1983 Sb of the Federal Ministry of Finance on billing and payment for deliveries for capital construction and deliveries of geological works, which requires accounting for work and deliveries subsequent to the delivery of entire units and operational systems to the user, the very volume of the binding tasks of the state plan must be considered as one indicator of fulfillment of the annual task. On this assumption, the negotiations on the necessary volumes of work and deliveries can be carried out in the time frame required, before the closing of the annual plan, and the approved deliveries can be incorporated into the production on time, including the balances of technical supplies.

#### What Does the Future Hold?

In the 1986 plan, we are looking forward to the completion of the third block of the nuclear power plant in Dukovany and will continue to prepare deliveries for the construction of the first block of the nuclear power plant in Mochovce-- particularly the deliveries for the general supplier of the construction, and we will continue to work on the preparation of the initial project for the first two blocks in Temelin. According to our calculations, in the next 5-year plan we should supply nuclear power plants and other construction associated with nuclear power plant equipment worth Kcs 23 billion, while the Federal Ministry of Fuel and Energy will require supplies totaling Kcs 24.075 billion. The discrepancy is the result of heretofore inaccurately estimated construction costs owing to our currently insufficient knowledge of domestic and foreign supply prices, which have not affected current construction. In order to make exact cost estimates, it is necessary inter alia to quickly work up documented prices and approve the standardization documents for the cost estimating of work--price charts.

I do not consider the volume differences to be serious problems, but I do think that one problem is the fact that the need for deliveries and assembly tends to bunch toward the end of the Eighth 5-Year Plan. From a delivery level of Kcs 2.8 billion in 1986, demands will soar by 1989 to more than Kcs 6 billion. Our analysis shows that, according to the demands of the Federal Ministry for Fuel and Energy, the volume of deliveries, totaling Kcs 1.5 billion in 1989 and Kcs 1.9 billion in 1990, cannot be handled with currently available capacity in the field, particularly in the case of assembly. The problem is that project preparation and construction at the nuclear power plant in Mochovce are delayed, raising problems in connection with the work at Temelin toward the end of the Eighth 5-Year Plan and in the 1991-1992 period.



In the next 5-year plan, we are supposed to supply equipment to other socialist countries for nuclear power plants totaling Kcs 8.5 billion, representing deliveries of reactors and turbine systems for two blocks in the GDR, two reactors for Poland, and approximately Kcs 2.7 billion worth of deliveries of special armatures to the USSR, Bulgaria, and the GDR.

Also, in the case of export deliveries of two VVER 1000 reactors to Bulgaria and Romania, problems occur in the unequal distribution of the production because of delays in the preparations of construction in these countries.

In the remaining period for producing nuclear power engineering plants for the next 5-year plan, it will therefore be necessary in all areas to ensure that the manufacturing of equipment is consistently in line with the level reached in the current 5-year plan, which should occur even as if it is necessary to produce items in advance and temporarily to store deliveries for construction projects which have been delayed. In time, it will be necessary to eliminate the capacity disproportions in the assembly volumes of Czechoslovak construction by systematically strengthening the final suppliers.

#### Goals Set

Power engineering is the basis for the development of national economy of every industrially and socially developed country. We consider the development of nuclear power engineering and of the nuclear machine tool industry associated with it, together with proper rationalization of fuel and energy consumption, to be a decisive factor in fully satisfying fuel and energy needs. Critical evaluation of the course of work at the nuclear power presented at the 10th Plenum of the Central Committee of the CPCZ, was positively reflected in the measures taken to speed up construction. There was improvement in fulfillment of deliveries of technological equipment to construction sites, improvement in the work at the construction sites, and a better approach of all workers to the fulfillment of their tasks.

Thanks to a long-term cooperation with the Soviet Union and other CEMA countries, an entirely new field has developed in Czechoslovakia in the last 10 years: nuclear machine engineering. There has been an influx of many young specialists, workers and technologists involved in production, construction, and in research institutes. The provision of 1,760 MW of new resources from nuclear power plants within this 5-year plan puts our country in second place behind the USSR among the CEMA countries.

At the 15th Plenum of the Central Committee of the CPCZ, the general secretary of the Central Committee of the CPCZ, Comrade Gustav Husak, emphasized the higher level already attained under the current 5-year plan and the elaboration of the tasks up to 2000. The need for devising long-term programs for the cooperation with the USSR and other CEMA countries is fully valid for nuclear power engineering as well. Therefore we can only be happy that, together with the Efficiency Council of the CEMA, we have worked up and accepted a program for the construction of nuclear power plants through 2002, which is also the basis for our further work.



The tasks set by the 15th Plenum of the Central Committee of the CPCZ deal with improvements in the quality of the style and methods of work and general management in the area of nuclear power engineering. We are all fully responsible for the resources provided for the development of nuclear power engineering and their utilization.

Activities at the nuclear power plants in Jaslovske Bohunice and Dukovany proved that the personnel in production and construction are appreciative of the evaluation they have rightly received from the highest party and state authorities. Using the initiatives of the working groups, the measures for developing socialist competition were deepened, as was the commitment movement honoring the 17th Party Congress, in order to accept joint socialist commitments. I sincerely honor the devoted work of the people in the construction of nuclear power plants as well as other related works. I am convinced that the experience we have gained at all stages of our work on nuclear power plants will be fully utilized for the timely and proper fulfillment of tasks in the construction of nuclear power plants under the Eighth 5-Year Plan and in the future as well.

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ECONOMY

CZECHOSLOVAKIA

# ECONOMIC STRATEGY FOR SECOND HALF OF EIGHTIES ANNOUNCED

Prague PLANOVANE HOSPODARSTVI in Czech No 8, 1985 pp 1-7

[Interview by Engineer Vaclav Vertelar, first deputy chairman of the State Planning Commission: "On the Project of Economic Strategy for the Second Half of the 1980's"]

[Text] The fundamental, lasting goal of our economic policy is to ensure a planned, dynamic development of national economy, which must be based, however, on far more determined and expeditious implementation of our party's strategic program of economic intensification, and on higher efficiency, social productivity and quality of labor. We see the main purpose of this effort primarily in further improvement of our people's living standard, in their greater security of life and social welfare, and in the creation of increasingly favorable conditions for a harmonious human development. Before us loom long-term tasks of shaping and completing the formation of a socialist way of life and at the same time, of enhancing the dynamic effect of our living standard on our economic growth, and on strengthening the socialist principles of reward as one of the basic characteristics of social justice. The qualitative changes in the structure of material and cultural needs of our people impose increasingly high demands on the quality and choice of industrial goods and food, on the standard of operations in trades and services, on transportation and other areas on which our people's satisfaction depends. We must keep improving our housing, health care and education, and increasing social welfare. We must proceed more vigorously with the solution of environmental problems. These directions set the ways which we shall follow and which will find a place of importance among the documents of the 17th Congress.

From the report presented at the 16th session of the CPCZ Central Committee by the general secretary of the CPCZ Central Committee, Comrade Gustav Husak.

The works connected with the preparations for the Eighth 5-Year Plan were organized on the basis of CSSR Government decision No 262/1984 on main directions for the socioeconomic development of the CSSR until 1990 and on the directive for the drafting of the proposal for the Eighth 5-Year Plan on the CSSR's national economic development for 1986-1990. This decision outlined the primary objectives, tasks and schedules from which appropriate

administrative agencies will proceed when drafting their proposals for the Eighth 5-Year Plan. The assignment of the directive for the 5-year plan for 1986 provided at the same time an orientation for the preparation of an operational plan for next year. The agencies of the middle management level presented their proposals on 31 March and central agencies on 31 May of this year. It is envisaged that on the basis [of those proposals and in cooperation with the planning commission of the republics, in linkage with the final results of the coordination of the 5-year plans for the next 5-year period with socialist countries, the State Planning Commission will draft a proposal for the Eighth 5-Year Plan at the end of this year.

The experience from the drafting and implementation of the current 5-year plan has underscored the urgency of a goal-oriented method during the period of transition of our economy to intensive development. This is no ephemeral issue. This task cannot be resolved without setting up long-range goals and objectives for gradual restructuring of our national economy on a qualitative higher R&D level. For that reason the preparations for the next 5-year plan are an integral part of the system stipulated by our government for the process of planning when drafting state plans for the development of national economy and when setting up a long-term socioeconomic strategy.

In our 5-year plans we intend to proceed consistently from the main directions of the socioeconomic development for a 10-year period. These basic directions should be determined on the basis of prognoses for the next 20 years. The first summary prognosis for the socioeconomic development and R&D, according to the approved project, will have a timetable to the year 2010 and will be processed in 1985-1988.

We envisage that the prognoses will contain the formulation of our long-term socioeconomic strategy based on objective laws for comprehensively developed socialist society in specific historical conditions of the CSSR; that they assess the changes in the external and internal conditions for a long-term development, and determine main economic objectives based on the future needs of society. Practical application demands that a comprehensive prognosis, assigned to the Czechoslovak Academy of Sciences, explain and recommend on the basis of science the variations of a long-term stable, dynamic and balanced national economic development. This calls above all for the determination of variants and conditions for high-grade economic intensification, for comprehensive utilization of sources of efficiency in production and of social productivity of labor, based on the linkage of the R&D revolution with the benefits of our socialist administration. We must demand that the prognoses compare not only our socioeconomic standard--the standard of the R&D base and the conditions of production in given time projections--with the foremost world states, but also the ways and means to secure the CSSR's place among those states, first of all, that the CSSR's place and task in world division of labor, particularly in the socialist community, be specified.

Although the above-mentioned prognoses may not be thoroughly and fully applied until the Ninth 5-Year Plan is drafted, the results of the works conducted thus far in this direction are already being fully utilized. This is an important step in interrelating science and research with practical planning.

## To Intensify Positive Trends

The preparations for the Eighth 5-Year Plan focus on consolidation and further development of the positive tendencies of the successfully completed Seventh 5-Year Plan and on conceptual objectives and goals set by the 16th CPCZ Congress. The tasks of the Congress and of the Seventh 5-Year Plan followed from the comprehensively assessed new external and internal situation in the late 1970's, giving priority to a gradual restoration of the external and internal balance, to the elimination of disproportions, and to a harmonious development, rather than excessive stress and disproportionate dynamism. For that reason a lower rate of dynamism was planned for the first 2 years (1981-1982), while the target for the second half of the Seventh 5-Year Plan was deliberate reduction of our foreign debt.

After the 16th CPCZ Congress a factor with a long-term effect clearly emerged in the form of the further deterioration of the situation abroad (aggressive policies of the US imperialist circles, the consequences of the "second oil shock" the crisis of the international financial and monetary system, etc) and of the development or continuation of our domestic shortcomings (nonfulfillment of tasks stipulated by the investment plan, poor harvest, etc). It appeared imperative to step up the process of intensification and debt-reduction and at the same time, to continue aiming at the realistic fundamental goal set by the 16th Congress: to maintain the relatively high standard we had achieved, to improve its quality on the basis of our national economic achievements, and to consolidate our people's social welfare. Numerous relevant policies focused primarily at substantial cuts of expensive imports from the capitalist states were adopted. Therefore, some quantitative tasks contained in the law on the Seventh 5-Year Plan (December 1981) and especially in the approved Seventh 5-Year Plan (May 1982) were lower than those set by the 16th CPCZ Congress, particularly in the first two years. Starting in 1983, the plan already foresaw the annual tasks and dynamism set by the Congress.

The concepts and objectives are being fulfilled in the creation of NI as well as in its domestic use, as confirmed by some basic data concerning the tasks and this year's projected actual situation (in percent):

Table 1.

	Growth in 1981-1985 according to		
	the 16th CPCZ	Seventh 5-Year	projected
	Congress	Plan	effect for
			1985

Gross national product	14-16	9.3	11.0
Gross industrial production	18-20	13.4	14.0
Gross agricultural production	10	5.2	9.3
Consumed NI	3.8	-1.7	1.8
of which:			
Personal consumption	0-3	3.0	5.7
Public consumption	13	12.0	21.6
Investment resources	0	-9.8	-3.1

We have achieved these results while gradually enforcing the strategic line of the CPCZ's economic policies aimed at an intensified development of our economy and at upgrading its efficiency. As compared with the 5-year plan, the drop in the share of material costs in outputs gained the greatest momentum, while relative savings in the consumption of primary resources of fuels and energy and of certain other raw materials and supplies increased. Therefore the results achieved justify the stipulation of even more rigorous tasks for the Eighth 5-Year Plan.

#### Concepts for the Drafting of the Eighth 5-Year Plan

The crucial point of departure for the drafting of the Eighth 5-Year Plan is the general policy for the building of a developed socialist society, elaborated by the 14th CPCZ Congress and applicable over an extended period.

Accordingly, the primary goal for our national economic development over the next 5-year period is to satisfy our people's material and cultural needs and to provide them social benefits; this will require a number of structural changes stemming mainly from the growing demands on quality, the technical standard and selection of goods in our domestic market, as well as on the expansion of paid and free services. An integral part of the living standard is the solution of the increasingly urgent needs of a good environment, which pose higher demands on the amount of investments as well as on scrupulous compliance with ecological considerations when making decisions on the further development of production, production technologies and the most suitable ways of fulfilling the production and nonproduction needs.

With respect to the development of the foreign and domestic situation and of world economic trends as a result of a rapid R&D advance, the fulfillment of this pivotal goal for the Eighth 5-Year Plan will depend even more on the consistently enforced strategic policy of economic intensification, greater efficiency and better quality of all labor.

Thus, the Eighth 5-Year Plan is a period of comprehensive intensification of production; it applies the achievements of R&D in the process of production and uses the stockpiled inventories as its economic resources, so as to generate a dynamic growth of production by means of greater efficiency, quality and economy. That is the prerequisite for a further rise of our people's living standard, for the continuous process of consolidation of our external balance, and for more dramatic updating of our R&D base, which will produce the required results over an extended period.

From the review of foreign and domestic conditions for our further economic development it followed that in the second half of the 1980's--with greater economic pressures on the application of intensive growth factors--the envisaged annual growth of our gross NI is 3.5 percent, while in the Seventh 5-Year Plan its average annual rate was projected at 2 percent.

The concept of the next 5-year plan concerning accumulation of assets proceeds from the premise that our material consumption in the creation of NI will be relatively conspicuously cut. In view of our limited options for further increases in deliveries of raw materials and fuels for our domestic consumption from imports and from our domestic resources, it is necessary to ensure

that the range of relative savings of most basic raw materials per unit of created gross NI be close to the rate of growth of NI and even higher for certain materials. In agreement with that premise it is envisaged that the share of consumption in production of special products may be cut even more drastically than projected for the Seventh 5-Year Plan.

That is a most challenging task, as a comparison with the current year may confirm. Efficiency indicators in this year's plan are far more demanding than in previous years, which may be explained by the fact that this year's tasks in intensification of the economic growth have approached the parameters of the Eighth 5-Year Plan. In a way, this is a test run for the Eighth 5-Year Plan, necessary for a smooth transition to the fulfillment of the challenging tasks for the CSSR's further socioeconomic development. Specifically, it is reflected in the fact that this year, with the same rate of growth of NI as in 1984, i.e., 3.2 percent, our industrial production should be down 1.5 percent (last year's growth down 3.6 percent), and construction programs will be up 0.9 percent (last year 1.9 percent). The share of production consumption in net material products will be cut roughly twice faster than last year and substantially more than in the first years of the Seventh 5-Year Plan.

All analyses of consumption of power and materials, labor productivity, use of capital assets, application of R&D achievements, and others prove beyond any doubt that these tasks are not unrealistic. Our untapped resources of every kind are fundamentally greater and offer opportunities for accelerated intensification in the coming years. The problem is that the management on all levels has not made the necessary breakthrough in thought and especially in practical actions. Most attention is still focused on the amount of production, rather than minimization of cost per unit of production, quality, high technical and economic standards of the goods, their systematic updating, flexible adaptation to foreign and domestic markets, flawless commercial operations, including reliable services and continuous availability of spare parts.

The focus on an intensive national economic development demands that all necessary preconditions be provided for an expeditious introduction of current R&D achievements in the process of production and in our social practice. To that end it is imperative to ensure first of all the greatest possible growth of production based on the application of completed R&D programs, to apply widely noninvestment innovation processes and at the same time, to organize investment projects to update goods and technology, to develop licensing policies, and to encourage the improvement and invention movement and make use of it.

An accelerated dynamism of our economic development calls for the introduction of the most advantageous structural changes, which will enable us gradually to reduce the consumption of materials, energy and investments in production.

In conjunction with the measures adopted already during the Seventh 5-Year Plan, it is envisaged that the growth of production in branches of industry with high consumption of power and materials, particularly metallurgical production, the energy-intensive branches of our chemical industry, and our construction materials industry, further decelerate. In other words, their

consumption must be cut as much as possible and their exports gradually tapered off.

Because we must process accessible material inputs to a greater advantage, it is necessary, on the other hand, to expand the share of processing branches, above all, of engineering, especially electronics, in the total volume of our production as well as in total international trade. One of the most important conditions for the development of those branches, however, is above all the task to increase their ability to compete in world markets, which presupposes a higher order of technical and innovating standards of such goods and more flexible services in relation to their exports. Our chemical industry will give priority to the development of less energy-intensive branches of high-grade low-bulk chemical production with higher processing of raw material inputs.

The key task of the branches of light and wood-processing industries and of most other processing branches is to improve the value of manufactured goods on the basis of a considerably increased share of top quality products, fashion novelties and luxury goods, and of corresponding innovations of production programs, as well as the necessary modernization and remodeling of their production base.

In order to speed up the transition of our economy to predominantly intensive development, all the most important factors determining the economic growth must be employed to far greater advantage, which means to introduce realistic methods for a comprehensive, more expeditious reduction in the consumption of power and materials in Czechoslovak economy than thus far, and for more rational exploitation and the highest possible processing of consumed inputs of power, raw materials and supplies.

The preferred focus of capital investment must be on the renewal and modernization of the existing facilities as the main prerequisites for better utilization of capital assets and at the same time, also on expeditious introduction of R&D achievements into production. Programs and construction projects which are characterized by rapid paybacks and maximum efficiency must be given priority and all opportunities for increasing production by means of changes in production programs in underutilized existing facilities must be exploited. Every effort must be made to cut construction schedules even more drastically and to reduce the excessive rate of unfinished construction projects.

The decline in the efficiency of capital assets must be slowed down considerably and efforts must be made in production in general to stop it completely.

Under the conditions of the Czechoslovak economy a conspicuous turn to intensive development is closely connected with the extent to which the CSSR has joined international division of labor, particularly socialist economic integration. In the future the major role here will be played by the development of our economic cooperation with the USSR. Dynamic growth of mutual exchange of goods and services will therefore call above all for further intensification of trade between branches and department subdivisions. Intensively expanded specialization and cooperation will provide advantageous conditions for programs of mass production and improve their efficiency. The development of mutual economic cooperation with the USSR demands that the structure of our

production and exports be far more consistently adapted to the needs of [the USSR's] economy and their qualitatively higher standard.

A vital prerequisite for benefits from international division of labor, in relation to socialist as well as nonsocialist countries, continues to be better exportability of our goods, based on particular on a higher technical standard and quality of consumer products, among them above all machinery and equipment as a decisive precondition for their more advantageous price in foreign markets. Appropriate regulations of the territorial thrust of foreign trade, more efficient commercial policies and better economic cooperation and collaboration in production should also contribute toward that end. By the same token, it is envisaged that our trade with the developed countries will be expanded and that we shall import simple finished goods in exchange for our exports of machinery and equipment.

The pivotal goal of our socioeconomic development is to ensure the further growth of our people's living standard and to strengthen their life securities and social welfare. The main directions and the course of its development in accordance with the CPCZ's long-range strategy are focused on the consolidation of the qualitative balance and on the development of methods leading to more distinctively amalgamated interests of the individual with the interests of our society. For that reason it is envisaged that personal consumption will rise. The fulfillment of this goal is predicated on the qualitatively improved structure of our people's consumption, based on increasing availability and a wider choice of technically superior industrial goods and food. At the same time, the structural balance of our domestic market must be strengthened so as to stimulate the growth of substantive involvement.

While our people's public services consumption is rising proportionally--due to better rationalization and economy--most attention is focused on the development of public health care, institutional care for the elderly and disabled, and on education of the classes of children born in high birthrate years.

An essential factor in the further development of our living standard involves the solution of our pressing ecological problems demanding drastic measures for better protection of the environment and water purity, particularly on the basis of new construction projects and remodeling of the existing facilities; obsolescent, ecologically harmful technologies will be replaced with more efficient economic mechanisms.

The tasks for the next stage are challenging, yet inescapable. Without additional resources our living standard cannot be adequately improved, ecological problems cannot be dealt with, and our material-technical base cannot be rebuilt on a qualitatively higher level. These tasks are realistic from the viewpoint of the untapped resources available in our economy--i.e., in the consumption of energy, raw materials and supplies, in the use of capital assets, or the tremendous expertise and skills of our working people. However, they depend on preconditions expeditiously provided for the fulfillment of our demanding tasks and on the utilization of the above-mentioned hidden resources, which means that the tasks of this year's plan must be consistently fulfilled and that a high-quality plan be prepared for 1986, the first year of the Eighth 5-Year Plan.



Thus far a number of serious shortcomings have been pinpointed in the fulfillment of the plan. Qualitative indicators have not been appropriately met; efficiency of production has not improved according to the plan, and individual enterprises and plants continue to deal with their tasks in a haphazard and erratic fashion. Time is being wasted here; decisions must be made and measures adopted to eliminate the shortcomings and to fulfill all planned tasks. Only then the conditions required for next year's tasks will be created, which already constitute an integral part of the challenging concept for the Eighth 5-Year Plan discussed at the 15th session of the CPCZ Central Committee and as emphasized in the report of the general secretary of the CPCZ Central Committee and president of the republic, Gustav Husak.

9004/9312

CSO: 2400/93

ECONOMY

CZECHOSLOVAKIA

# APPROACHES TO LONG-TERM STRUCTURAL CHANGES IN ECONOMY VIEWED

Prague PLANOVANE HOSPODARSTVI in Czech No 9, 1985, pp 10-13

[Article by Eng Vaclav Glaser, ScC, State Planning Commission: "Some Approaches to Long-Term Structural Changes of Czechoslovak Economy"]

[Text] The main directions for the economic and social development of the CSSR until 1995 focus considerable attention on a gradual structural transformation of Czechoslovak economy. The period after 1985 is regarded as a stage of a thorough transition from an extensive to an intensive type of social production on the basis of accelerated maximum exploitation of R&D achievements and enforcing of distinctly stepped-up intensification of economy, higher efficiency and better quality of all labor, and greater participation of the CSSR in international division of labor, primarily with the CEMA states and most of all, with the USSR.

The prime objective for the second half of the 1980's is to utilize the relatively extensive accumulated untapped assets on the basis of technical, investment and structural measures prepared in the first half [of the 1980's] and of drastically more economical processes of production. After 1990 the main source of growth will be the results of innovations of goods and technological processes as well the intrastructural changes stemming from far-reaching general penetration of advanced directions of modern R&D achievements (electronization, robotization, biotechnologies) into national economy.

It will be expedient to base the implementation of a dynamic and efficient development on better processing of inputs in economy and on achieving high effects of production on the basis of a higher rate of innovation processes leading to universal convertibility of a relatively limited spectrum of products. The achievement of this long-term objective is further determined by a narrower line of goods with an appropriate focus of the R&D base on a limited scope of problems, and thus, by substantially higher integration in international division of labor, which will permit us to cover a broad range of our import needs with specialized exports.

The solution to the problem of greater economy and better processing should be expressed in a synthetic form as a lower share of consumption in production of net material product, which will decline by 2 points over the 10-year period. The challenge of this task stems not only from the fact that this involves

fundamental acceleration of the heretofore development in the Seventh 5-Year Plan, but also from the fact that at the same time the rapid development of foreign and domestic specialization and cooperation in production is emphasized in the processing industry, primarily engineering and electronics; thus far this factor has not quite justifiably affected the increasing consumption in production. In conjunction with the reduced share of consumption in production great demands are made especially to reduce the consumption of energy and metals in national income.

The emphasis on structural changes in the Czechoslovak economy, resulting in more economical consumption, and efficient marketing of Czechoslovak goods in world markets, was also included in the decision of the CSSR Government No 262/84 on "Main Directions," which calls for greater specification of the prospects for the development of individual branches of our industry, aimed mainly on drafting proposals for gradual structural transformation of those branches in favor of a preferential development of those branches in favor of a preferential development of those branches and productions whose requirements of energy, materials and investments are low, and in conjunction phasing out of branches and productions whose characteristics of those criteria are unfavorable, so that, in general, the current line of products be narrowed down.

The demands on such proposals for structural transformation of the branches of our industry have been specified; in the framework of the problems under discussion the central agencies in charge must elaborate and propose solutions to key problems in the structure of production according to the method outlined here below:

--to define the main objectives of the long-term development of branches of industry in relation to the needs of our national economy; to formulate the objectives of the gradually narrowing line of products on the level of branches and branch divisions, based on accelerated integration in international division of labor, which must be accompanied by a focus on R&D capacities, investments and work forces, namely, on those branches and goods where we have optimum conditions for achieving high utility value and general efficiency of production;

--to assess long-term domestic and foreign conditions for the structural development of production, among them stagnation of material and power inputs, a slow growth of investment inputs, and the projected development of the competition and of demands in world markets;

--to specify the methods for more efficient mass production programs (for example, of passenger automobiles, tractors, equipment for nuclear power plants, chemical equipment in engineering, electric engines and cables in electrical engineering industry);

--to assess the potential for increased exports, particularly in relation to the CEMA, methods to determine national economic needs for limited lines of goods (to guarantee a balanced economic development); to recommend main directions for structural integration of the branches into international, primarily socialist, division of labor, with regards to realistic opportunities for adapting the structure of goods offered by the CSSR to the changing demands of the world market;

--to assess preconditions for higher labor productivity from the standpoint of increasing utilization of electronics and robots in processes of production, with regards to the growing sources of work forces in the Eighth and Ninth 5-Year Plans;

--to assess the objectives, tasks and general orientation of the long-term comprehensive programs;

--to specify the problems of modernization of the production base and of better utilization of the increasingly sophisticated machinery inventory by higher use of shift work and by an optimum expansion of the pre-production stages of the R&D base;

--to propose tasks for R&D for structural transformation;

--to provide guidelines for the requirements of other branches of national economy on the basis of the development of the branch's structural profile;

--to make comprehensive assessments of the resulting proposal for the structural profile of individual branches of Czechoslovak industry, the degree to which it covers the needs of our national economy overall as well as according to individual areas (national economic conglomerations and cross sections).

Thus, the proposals for structural transformation of individual branches will provide convincing information about the development--or as the case may be, about the phasing out--of the planning groups and key branches and of the goods produced by a given branch, including the requirement of necessary capital investment justified by the criteria of current and future efficiency of such productions.

The underlying question is whether an adequate space is available for more drastic reductions of the share of consumption in production in net material product and for higher net profitability of Czechoslovak exports in foreign currency--in other words, the difference between profitability of foreign currency and comprehensive import requirements--by means of changes in the structure of production on the level of branches, planning groups, departmental units and departments.

For illustration of one of the options--material consumption in production without depreciations (direct and compounded, i.e., including those incurred in all preceding and subsequent productions) and net profitability of foreign currency were quantified on the basis of interdepartmental accounts for 1982 rendered by 40 departmental units. In particular, departmental units of the processing industry may be compared one with another. Considerable differences between individual departmental units may be graphically documented by inclusion of deviations from average (material) consumption in production and average net profitability of foreign currency for the entire production sphere (whose value may be regarded as 100 percent).

Departmental unit	Consumption in production (material)		Net profitabil- ity in foreign currency
	Direct	Compounded	
Products of vegetable origin	81.0	81.3	111.8
Animal products	114.9	127.9	89.9
Forest economy	39.9	39.1	168.0
Solid fuels	83.1	84.2	174.0
Gaseous fuels	88.0	73.3	189.4
Crude oil	36.6	33.9	--
Energy	110.9	101.3	139.1
Ore mining and refining	138.1	129.1	26.2
Ferrous metallurgy products	132.3	230.4	89.7
Nonferrous metal products	123.0	179.1	83.3
Chemical products	123.6	93.0	79.2
Rubber and plastics	108.7	111.6	84.4
Pharmaceutics	100.1	90.1	161.1
Engineering elements and components	98.2	130.5	130.3
Heavy-current engineering products	105.2	110.9	146.4
Electronic goods	81.2	74.6	170.0
Measuring instruments, general tools	91.8	123.3	161.7
Products of automobile industry	108.7	132.1	152.1
Products of transportation engineering	97.5	111.9	146.9
Machinery for processing industry	86.5	106.5	234.2
Machinery for heavy engineering	100.9	128.7	191.3
Machinery for nonproduction use	102.7	120.6	108.3
Assemblies	64.9	78.6	153.9
Construction materials	95.8	92.4	135.4
Products of wood-processing industry	103.9	98.2	117.2
Paper and cellulose	116.0	123.6	90.4
Glass, porcelain and ceramics	81.9	74.1	143.6
Textile goods	114.1	115.9	81.8
Garment industry goods	96.7	110.2	71.4
Leather goods	108.2	116.2	133.5
Typography	83.3	83.9	109.5
Slaughter and meat products	140.5	180.3	63.9
Dairy products	139.3	163.8	53.9
Alcoholic beverages	112.3	115.0	118.7
Other alcoholic products	127.7	135.0	69.4
Industrial fodders	137.8	125.8	--
Other products	70.6	73.2	126.2
Construction industry	82.7	92.9	149.3
Transportation and communications	45.3	44.0	137.8
Financial branches	37.1	26.0	--

The data presented in Table 1 unambiguously prove considerable variability in the requirements of consumption in production (materials) as well as net profitability of foreign currency among individual departmental units of the production sphere, with relatively distinctive indirect dependence of both those criteria. So long as in the post-1985 period structural shifts--for example, within the industry in favor of electronic products, machinery for the processing industry, pharmaceuticals, glass, porcelain and ceramics--may be technically and economically identified, assessed from the viewpoint of markets and implemented, and concurrently, the share of productions with high material consumption, such as ferrous and nonferrous metallurgy, may be reduced, the changes in their sum total should be expressed in a smaller share of consumption in production in net material production and in substantially higher profitability of exports in foreign currency.

Similar possibilities exist in individual departmental units due to sizeable difference between individual departments in characteristics of material consumption and net profitability of foreign currency. As for chemical products, some departments of chemical specialties, such as organic dyes and pigments, textile and leather-processing products and pure chemicals, have relatively low values of said characteristics.

Among machinery units and components, primarily hydraulic units and equipment, pneumatic units and equipment and transformer equipment have consumption of materials and high profitability in foreign currency. According to those criteria, the most advantageous among electronic products are semiconductor elements, microelectronic conjugate circuits, electronic measuring instruments, scientific and laboratory equipment, automatic regulation and control equipment, equipment for reproduction, and automatic control systems for processes of production. Among machinery for processing industry industrial robots and manipulators, processing machinery, machinery and equipment for glass, textile, leather-processing and typographic industries, particularly machinery and equipment for engineering production, have the lowest material consumption and the highest net profitability of foreign currency; machinery and equipment for processing of rubber and plastics require low material inputs. In the same manner the internal structure of other departmental units may be assessed with the application of inter-departmental accounts for 1982.

In general it may be said that a space exists in the departmental structure of Czechoslovak economy, especially in processing industry, for progressive structural changes with a positive impact on reducing the share of consumption in production and on more lucrative foreign economic relations. Among the obstacles to an accelerated development of departmental units and departments with favorable values of those characteristics are--in addition to problems with phasing out of inefficient departments which are drawing off excessive material, power and investment inputs--particularly the difficulties in marketing of our goods in foreign markets. This seemingly paradoxical situation stems from the fact that in world markets of advanced products we encounter competition of the most developed countries which come there with goods of excellent quality and of high technical parameters. The only long-term solution to this situation may be the focus on holding our place in this market by offering a more limited, specialized line of goods of top standards. The shift

to the less demanding lines of production would make it impossible to achieve the challenging aims of foreign and domestic efficiency contained in the basic directions for the CSSR's economic and social development.

Practical implementation of structural changes goes hand in hand with the application of the goal-oriented approach. Systems of state goal-oriented programs and state R&D programs represent the essential mechanism for an efficient gradual structural transformation of the Czechoslovak economy.

9004/8918

CSO: 2400/80

ECONOMY

CZECHOSLOVAKIA

# NEW FINANCIAL RULES FOR EIGHTH 5-YEAR PLAN PUBLISHED

Prague HOSPODARSKE NOVINY in Czech No 50, 1985 p 5

[Article by Eng Stanislav Sourek, deputy minister of finance of the CSSR:  
"Khozraschet Characteristics Emphasized"]

[Text] In the supplement to this issue we publish the full text of two amended financial regulations applicable as of 1 January 1986. The author of this article describes the main changes that will be implemented on the basis of these (and other) regulations in the financial management of the VHJ's [economic production units] and enterprises during the Eighth 5-Year Plan.

The development of the financial management system continues, while its efficiency is improved by further intensification of its khozraschet characteristics. The new financial regulations which proceed from this basic approach involve adjustments in the financial management system of the VHJ's and enterprises in the Eighth 5-Year Plan, namely:

- partial amendment to CSSR governmental decree No 161/1980 of the Collection of Laws on financial management of the VHJ's and enterprises (published in the supplement);

- partial amendment to announcement No 162/1980 of the Collection on financing replacement of capital assets (published in the supplement);

- new announcement on financing of current assets;

- new announcement on financing of non-investment expenditures for R&D (No 118/1984 of the Collection, issued previously and applicable already as of 1 January 1985, published in the supplement to HOSPODARSKE NOVINY No 49, 1984).

The actual impact of the financial plans on all levels of management on other parts of the plan is of vital importance both from the standpoint of the financing of basic needs of the VHJ's and enterprises and from the standpoint of the planning of the accumulation of financial assets (especially profits). Nevertheless, ample untapped resources still exist in these relations. For the future it will be imperative for the financial plan to include in the accumulation of assets consistently, for example, R&D contributions, better exploitation of capital assets, new investments, efficient management of inventories, reduction of administrative costs, and achievements of foreign trade.



## Payment of Depreciations

The weight and thus, also the importance of disposable profits as the source for the financing of the needs and demands from the material incentive system of the VHJ's and enterprises have been upgraded in financial resources for the Eighth 5-Year Plan. Furthermore, the merger of economic results from our domestic economy and from foreign trade increased the significance of profits.

The system of payments to the state budget remains unchanged, however; as of 1 January 1986 payment of depreciations of capital assets to the state budget will be introduced in most industrial and construction branches; it amounts to 40 percent of their creation. This payment of depreciations is based on the need to balance in the next 5-year plan the assets and the needs of the enterprise sphere, and to increase the share of products in the structure of resources designated for the financing of the needs of the VHJ's and enterprises. An important reason for the payment of this part of depreciations is higher than corresponds to actual obsolescence of capital assets. The standards of depreciation, according to which depreciations are calculated, are based on the double-shift use of capital assets, while the actual use of capital assets is more than one-third lower. It is therefore fully justified to redistribute a part of depreciations through the state budget.

Another factor which raises the demands of the financial management system in the Eighth 5-Year Plan is the application--or further consolidation--of the khozraschet character of practically every fund of the VHJ's and enterprises, which means in particular the introduction of the investment fund created mainly from the earnings retained by the VHJ's and enterprises according to norms, instead of the current two funds--the development fund and the construction fund--and furthermore, a change in the character of the creation and use of the R&D fund and the working capital, and adjustments in the creation and use of the contingency fund of the VHJ's. Practically all remaining funds of the VHJ's and enterprises are transferable semiannually.

## Prudent Centralization

One of the most significant changes involves the measure aimed at higher efficiency of the financial management system on the VHJ and enterprise level. The financial management of the enterprises follows the generally valid regulations and the VHJ statute. Enterprises show profits, render accounts and use the profits they have created to finance their needs. They pay their profits to their superior VHJ according to a financial plan. It is not advisable to change these methods, or the responsibility of the enterprises for the funds to cover their needs, and thus, also their interest in the accumulation of financial resources would be diminished. The khozraschet and financial systems applicable within the VHJ's must proceed from these points of view.

Reviews of the implementation of the Set of Measures have demonstrated that certain negative traits appear in financial relations of the VHJ's and enterprises and weaken the interest of the enterprises in khozraschet. In a number of cases financial assets of enterprises have been excessively centralized on

the level of the VHJ and then redistributed back to the enterprises, even when the enterprise had the right to make their decisions concerning, for instance, investments, R&D and inventories. In essence, this separates the financial management from the material management.

The financial management in the Eighth 5-Year Plan will be arranged in a differentiated way according to specific conditions of the VHJ's. The degree to which the financial management of the VHJ is centralized must correspond with the integration and centralization of the material management on the VHJ level. The superior central agency will assess the level of centralization and reflect it in the statute of the VHJ. Within the VHJ better financial results of the khozraschet of the enterprises unconditionally demands that the VHJ leave part of the earned profits to the enterprises to cover their planned needs, and that they adjust the extent of the creation and use of funds within the VHJ in accordance with realistic conditions for the centralization or decentralization of managing functions within the VHJ.

#### Investments and Inventories

Efficient replacement of capital assets and the development of inventories are still plagued by chronic shortcomings. Therefore, in the Eighth 5-Year Plan the financial management system enhances the khozraschet responsibility of the VHJ's and enterprises in these sectors as well. By means of the investment fund established according to a standard rule, the khozraschet linkage of assets and needs is reflected in the financing of all investments. Certain advantages are offered to the financing of large construction projects (above Kcs 20 million). In the same way, the method of creation of investment funds will be differentiated according to specific conditions of individual branches, and the objective in all key branches will be a fund established according to a standard rule from profits and depreciations of capital assets. Naturally, bank credits will be granted for investments, and in case of subsidized construction projects, the subsidies from the state budget will be granted to the investment fund according to valid principles based on the urgency of their application. A stipulation makes possible above-standard allotments to the investment fund (from higher profits and from the export incentive fund).

The new amendment of financial replacement of capital assets is characterized mainly by further preferential considerations in the financing of modernization programs during repairs of capital assets within certain stipulated frameworks. This form of support to modernization programs, tested and confirmed by many years of practice, has been recently further expanded; however, it must be based on a higher share of modernization and reconstruction programs in total investments financed from the investment fund to the detriment of new investment programs, especially construction projects.

Furthermore, the responsibility of the enterprises (VHJ's) for the development of inventories in the Eighth 5-Year Plan has been intensified. First of all, the tasks of the earnings retained by organizations in the financing of their inventories has been expanded. At the year's end organizations must cover their above-plan inventories with an allotment from the profits to their working capital, namely, in an amount equal to the share of their working capital in their inventories. Analogically, both in the plan and in reality inventories for which banks refused credit must be financed from profits.

Higher allotments to working capital in an organization may affect the opportunity to use the earnings as monetary incentives (in the cultural and social services fund and in the special compensation fund), to finance investments and R&D, and to set aside surplus in the contingency fund. It is therefore presumed that this measure will curtail the disproportional growth of stockpiles and instead, lead to their reduction. If the stockpiles are reduced below their planned amount, the organization can transfer part of its working capital and distribute the earnings for the financing of its needs (investments, R&D, contingency fund, and economic incentives).

#### Research and Development

The purpose of the amendments on R&D financing in the Eighth 5-Year Plan (applicable ahead of schedule already in 1985) is to help accelerate the entire R&D process, including the application of its achievements, and render it more effective. The khozraschet accountability on the part of the VHJ's and enterprises for the financing of R&D programs, their results and implementation in this area is transferred to a greater extent to the VHJ's and enterprises, so that financing depends mainly on those VHJ's and enterprises that will utilize the results of R&D. A major role is played here by R&D funds established in the VHJ's and enterprises in accordance with who will implement R&D achievements. R&D funds are derived from costs on the basis of long-term standards stipulating the conditions for operations and schedule for the R&D program within the authority of those who will implement R&D achievements. All remainders of such funds may be transferred without any restrictions from one year to another.

The resources for the R&D fund may be supplemented from the earnings of the organization according to its decision. Investments in the solution of tasks and under certain conditions, also investments caused by the introduction of new technology into production, may be financed from the R&D fund, naturally, provided that the organization has created adequate resources in the fund (for example, by more economical solutions of tasks, by sales of capital goods output to other organizations).

An essential part of the outlays for R&D will continue to be financed from the state budget. However, this kind of financing will be more restricted and linked to the fulfillment of the prescribed parameters and timetables.

The whole amendment puts special emphasis on economic contributions of R&D reflected in the financial plan and on their evaluation based on factor analyses of increments in profits. Continuous linkage of investments with resolved R&D tasks in the fulfillment of their outputs remains one of the key issues. The internally coordinated plan and the use of investment funds of the VHJ's and enterprises must contribute toward that end. Experimental reviews of the so called innovation fund, from which both non-investment and investment needs of the entire R&D cycle will be financed, are planned for the Eighth 5-Year Plan.

9004/12859  
CSO: 2400/119

ECONOMY

CZECHOSLOVAKIA

BANK ANALYSIS OF INVESTMENTS SHOWS PROBLEMS

Prague HOSPODARSKE NOVINY in Czech No 48, 1985 p 4

/Article by Eng Vaclav Krauz, State Bank of Czechoslovakia, Principal Institute for the CSR: "Results of Bank Analysis of Investments: Little Reason for Joy"/

/Text/ The principal institute for the CSR, the State Bank of Czechoslovakia, this year analyzed the utilization of capital assets and the drawing up of capital investment plans for 1986, this in order to evaluate the extent to which the suggestions of enterprises and of CSR Government departments correspond to the guidelines for the Eighth 5-Year Plan. This analysis showed that some partial positive tendencies are developing. For example, there is an increase in renovation and modernization construction as well as construction aimed at environmental protection. However, the overall evaluation does not show the necessary conversion to a more effective investment process.

In the Seventh 5-Year Plan, the extensive growth of capital assets continued while the dynamics of production were relatively lower, leading mainly to a further decline in the effectiveness of capital assets.

Effectiveness of Capital Assets in the CSR in 1984 (1980 = 100)

	Share of adjusted actual output in the average condition of machinery and equipment	Shift-work rate
Chemical industry	111.3	99.3
Wood processing industry	90.9	100.5
Construction materials industry	78.0	99.5
Food industry	95.1	99.9
Health services	102.3	99.5

Utilization of Existing Capacity

There has been a great decrease in the utilization of machinery and equipment, principally in the construction materials industry. On the other hand, the utilization of capital assets in the chemical industry, and to some extent in health services as well, has increased.

When evaluating the time utilization of capital assets, the situation is not much better. The traditional indicator is the shift-work rate coefficient, which gives the total number of days worked by workers in three shifts in comparison to the number of days worked in the first work shift. The development of the shift-work rate in individual fields shows that there has been some success in stopping the decline in the rate, but not in all fields. At present, the highest shift-work rate coefficient (for a given type of production) is in the chemical industry (1.393). In other fields it falls below the value of 1.3.

Furthermore, the average age of machinery and equipment in individual fields has generally increased. In all fields, there is an increase in the amount of machinery and equipment totally out of commission (currently 24.5 percent) and a decrease in the rate of liquidation of old machines (under 2 percent).

The above analysis shows that it is necessary to implement the aims of the guidelines of the Eighth 5-Year Plan, i.e., to emphasize that further growth in the production sphere must be accomplished at a lower demand for investment and with an increased utilization of existing capital assets. It is necessary to invest primarily in the renovation, reconstruction and modernization of capital assets and to increase the share of machines in the total volume of investment.

In this connection, we are preparing new regulations for the Eighth 5-Year Plan which are in harmony with the goal to strengthen credit lines and to impose sanctions based on the utilization of capital assets. In cases where there is insufficient utilization of capital assets, we will curtail demands for new credit and require early repayment of credit (including credit sanctions).

However, the underutilization of capital assets represents a broad problem which is closely connected with the overall system of managing and planning capital investment.

#### Building Construction Projects

In August of this year, the Czech Planning Commission, in cooperation with the Czech Commission for Scientific and Technology and the Development of Investment and Banking, checked the preparedness and effectiveness for major centralized construction proposed for starts during the 1986-1990 period. The aim of this check was to verify where buildings scheduled to be started in 1986 are properly planned. As it turned out, in principle for CSSR Government institution buildings, the preliminary projects had to be approved by 31 July 1985 and required 5 months to a year of initial construction.

The checking involved construction projects for 111 buildings, of which only 61.2 percent had met the conditions encompassed in the construction investment plans. The lowest degree of completion was found in the housing construction sector (40 percent).

In addition to this, the bank verified project readiness in all construction costing more than Kcs 10 million (planned starts in 1986). The results show that, in comparison to previous years, there are no positive changes in project readiness. Of the total of 308 construction projects, 75 percent have completed the project stage. Aside from housing construction, there is also below average performance in the areas of the Ministry of Industry, the Ministry of Health Services and the Ministry of Construction. In contrast to this is construction in, for example, the area of the Ministry of Agriculture and Nutrition (86 percent of the buildings).

The main reason for the delayed completion of projects lies in the preproject preparation, and is the result of unclear concepts of the investors. Not uncommonly, the project tasks are done over a number of times because of changes in the technical designs of the construction and changes in the supply system. The extremely varied conditions in project preparation show that these problems can be influenced by responsible work concepts on the part of enterprises, economic production units and ministerial departments.

#### Nonproduction Sphere

The domestic and external conditions of past and present economic growth limit the extent and the orientation of capital investment. Capital investment can continue to solve only the most pressing needs of the national economy. Among these, without doubt, are construction in the nonproduction sphere, particularly for environmental protection purposes. However, even in this area the need for effective capital investment must be met.

What knowledge have we gained from the preparations for the 1986 Plan and its status in September of this year?

The demands of key investors surpass the investment capacity, which is particularly true in the case of the national committees, the Ministry of Health Services, and industry. In practically all fields there are a few smaller constructions with budgets of up to Kcs 10 million, except in the agricultural field where approximately 35 percent of investments will be small in scale.

The proposals for investment actions for 1986 have left much more room for reconstruction and modernization than was the case under the Seventh 5-Year Plan. Reconstruction and modernization account for more than half of the 308 investment actions (53 percent). In most cases, however, just general renovation is planned; it is not a matter of so-called progressive modernization and a quick return action.

Of the 308 investment actions, 133 (or 43.2 percent) are in production construction. This figure is higher than under the Seventh 5-Year Plan, and it includes more construction focused on environmental protection.

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In the 1986 plan proposal stage, the bank is taking a negative stand mainly in the case of those constructions which are insufficiently prepared in terms of

projects and deliveries, or those that have a low effectiveness. In the area of the Ministry of Agriculture and Nutrition, it opposed, for example, the completion of the construction of a specialized plant for keeping milk cows in the Bitov cooperative (because of its low effectiveness), while in the area of the Ministry of Construction this involved the modernization of the sorting plant in Lulec. In some other cases, the bank refused credit for construction.

Therefore, with our participation, we are trying to exert a positive influence on the selection of constructions. However, the decisive role is played by the central authorities of investors. Good quality planning involves improving the preparation of investors and, above all, increasing concept preparation in the work of the investors.

12993/12228

CSO: 2400/133

ECONOMY

HUNGARY

# OFFICIALS QUIZZED ON ASPECTS OF ECONOMY

Budapest OTLET in Hungarian No 51-52, 20 Dec 85 pp 8-11

[Round-robin interview with Zsigmond Jarai (department head at the State Development Bank), Rezso Nyers (scientific consultant to the Economic Sciences Institute of the Hungarian Academy of Sciences), Sandor Gaspar, chairman of the National Trade Union Council), Albert Racz (chairman of the State Offices of Wages and Labor Affairs), Jozsef Drecin (state secretary at the Ministry of Culture and Education), Albert Kreszan (director of the Public Buildings Construction Enterprise), Imre Szabo (state secretary at the Ministry of Industry), Antal Zibar (director of the Wool and Textile Raw Materials Trading Enterprise), Ferenc Petrik (deputy minister of justice) and Miklos Pulai (deputy chairman of the National Planning Office); date and place not given; first paragraph is OTLET introduction]

[Text] I ask a question of someone, and then he gets to ask a question of someone else, and so on. Once the process has been started, the reporter acts merely as a messenger. Questions and answers, and then more questions and answers. There is only one rule: the questions must concern the economy, in accordance with our field of specialization. This round-robin could go on endlessly. Regardless of its field of specialization, however, our journal is not made of rubber. Therefore we request our readers to be satisfied with 10 questions and as many answers in this issue. We will continue the round-robin next year when Miklos Pulai, as the last interviewee in this issue, will have the right to ask the first question.

OTLET's question of Zsigmond Jarai, department head of the State Development Bank: Do bonds make for a better world?

Zsigmond Jarai: Yes, they do. In two respects. First, the enterprises have an opportunity to raise cash, which is no small thing today when money is scarce. They do not have to wait for a solution from above, from heaven. And it is no more trouble for an enterprise to float a bond than, say, to apply for and obtain a loan. Indirectly, then, bonds help to broaden the enterprises' autonomy. The second effect is of the same nature, but from the viewpoint of the citizen rather than of the enterprise. By buying a bond, a person casts a vote of confidence in a business. This presupposes that he first seeks information, weighs it, and then decides to take a risk, to become an entrepreneur. This makes for sound business sense, which is what is required in the case of



small businesses as well. And something else. The bondholder, especially in the case of bonds bearing interest at a variable rate, exercises a kind of social control over the enterprise. Incidentally, the public so far has bought about two billion forints' worth of bonds. This also indicates that personal savings are on the rise. Considering all this jointly, I may safely say that Yes, bonds do make for a better world in Hungary.

[Question] My question of Rezso Nyers is as follows: Is this how he imagined the 1968 economic reform?

Rezso Nyers, scientific consultant of the Economic Sciences Institute of the Hungarian Academy of Sciences: This way in many respects, but differently in some others. I thought that the direction and essence of the implemented changes would be like this or similar, but I did expect smoother progress. I hoped that the reform process would not grind to a halt, and that we would go farther by the mid-1980's than we have. Our present problems can hardly be attributed to necessity beyond our control. In retrospect they support the view that the future in its concreteness does not lend itself to planning, and only the trends can be foreseen over a long horizon. Regarding many of the specifics, the song is right which claims: "You cannot guess the future."

Of our 1968 expectations, I regard the following as realized or in the process of being realized:

--National economic and enterprise planning has undergone favorable changes. There is less red tape in planning, and yet we have a more effective tool with which to democratically influence the social processes.

--The consumer market has changed in the population's favor. Essentially it is no longer a sellers' market, although the vigorous expansion of supply has been arrested in the 1980's, and there are temporary shortages of certain items.

--Development of the agricultural sphere and the incentives for it have basically proven suitable. Under the existing economic mechanism, the spheres of energy, transportation, and services are able to fulfill well--sometimes even under unfavorable financial conditions--their function of providing the basis for macroeconomic capital replacement.

--Institutionalization of a multisectoral economy has been favorable in that supply is improving, and also material resources (labor, capital and human capital) are participating more fully in the process of capital replacement.

--The population's economic thinking has developed and become more intensive. Economic information is more frank and provides more knowledge. Thus the human factors of economic democracy are much better ensured now than previously.

And were I to list what I imagined differently 18 years ago, I would include the following:

--Neither the economic mechanism nor the so-called "economic environment" has reached the critical level of development in which it stimulates entrepreneurship at the enterprises to the extent now required (the requirements today are

far more rigorous than they were in 1968). For although the enterprises' scope of action is wide by law, in practice state regulation limits it excessively.

--Manufacturing industry's export denominated in hard currency is expanding only slowly in the 1980's, in conjunction with the slow changes in the production structure, and with the uneven and overall unsatisfactory progress of technical development.

--Too much of our production is of low efficiency, there is barely any disinvestment in the economy, and little capital is freed for new ventures. This perpetuates the danger that the enterprises whose efficiency is low will "eat up," in the form of various subsidies, the profits of the efficient enterprises.

--In 1968, I hoped that we would be able to clarify within a relatively short time the situation regarding the socialist scale of values for the intensive period, and to bind it with strong links to the process of economic reform. However, this hope has been realized only partially; and it is not an exaggeration to say that we are urging intensive development, while thinking is still dominated partially by the extensive period's scale of values.

My opinion may be summed up as follows: It would be useless to lament that things have not turned out entirely the way we expected and would have liked them to turn out. What we must strive for is to change our lot for the better as soon as possible, by solving our present problems.

[Question] My question addressed to Sandor Gaspar is as follows: Can the considerable creative force generated in the enterprise workers' business partnerships be utilized in the trade-union movement, or should such partnerships be regarded as a method foreign to the movement?

Sandor Gaspar, chairman of the National Trade Union Council: Enterprise workers' business partnerships are not a method foreign to the trade-union movement. Were this method foreign, we would not have introduced it. The trade union clearly understands and recognizes the usefulness of enterprise workers' business partnerships. There is a real need for them, they are filling a gap, and hence are producing value. This justifies their existence. There is of course silt also here, forms that do not serve the intended purpose, just as in the case of anything new. In some places these partnerships serve merely to supplement the workers' pay. But since the partnerships perform their work at the plant, the factory collective oversees their operations as well. The task now is to eliminate the perfunctory elements and strengthen the useful activity. The performances of the enterprise workers' business partnerships simultaneously call attention to the shortcomings in production engineering and industrial engineering. It would be desirable to utilize also this experience in the activity of the enterprises.

[Question] My question is addressed to Albert Racz, chairman of the ABMH [State Office of Wages and Labor Affairs], and reads as follows: Are statistics more accurate than the present ones being compiled on the labor force? Would it be possible to manage manpower more efficiently, and is there any plan to do so?

Albert Racz, chairman of the State Office of Wages and Labor Affairs: Labor statistics in Hungary is proceeding at present in two directions. In my opinion, the overall accuracy of the statistics on the number of persons gainfully employed, their structure, and the changes in them, is satisfactory. On the other hand, however, the pictures we obtain of the occupational and territorial structures are admittedly inaccurate. The other direction in labor statistics investigates the relationship between manpower demand and supply. This is the third year that we are compiling such statistics in Hungary. We have monthly reports from 109 cities and districts. From these data we see the trends rather clearly. Employers at present are seeking help to fill 60,000 vacancies nationwide, and there are approximately 4,000 to 5,000 persons unable to find employment. We have at present five or six cities in each of which a significant number of persons (over 100) are experiencing difficulties in finding employment. So far as the second part of your question is concerned, manpower could be managed more efficiently. Increased effort in this direction has been noticeable during the past two years at the level of macroeconomic management. Businesses, too, are showing signs of such effort, but of course only within the limits of the possibilities that the system of regulation permits. Further efforts will require also more aid from central resources. To alleviate, for example, the problem of unemployment in the lagging districts.

[Question] I would like to know from Jozsef Drecin, state secretary at the Ministry of Culture and Education, his views on the question of labor discipline and labor morale in education.

Jozsef Drecin, state secretary at the Ministry of Culture and Education: I see no difference between education and the entire country.

[Question] My question is addressed to Albert Kreszan, director of the Public Buildings Construction Enterprise, and reads as follows: When will we live to see that the roofs over our heads are not leaking?

Albert Kreszan, director of the Public Buildings Construction Enterprise: I believe that Comrade Drecin has in mind primarily leaks in buildings with flat roofs. When there are leaks in roofs of the other main type (gable or hipped roofs, covered with slate or burnt clay tiles), they can be repaired more simply and at substantially smaller cost than the leaks in flat roofs.

In response to your question, I am able to say definitely that our enterprise delivers each flat roof in waterproof condition. For we hold a so-called flooding test when the roof is in place and sealed, and we offer the customer for acceptance only a roof that is free of defects.

On average we deliver 25 buildings a year to our customers. And, in spite of what I have just said, we get about five warranty claims because of leaking roofs. What is the explanation of this contradiction? Let us start out from the criteria of a good roof: good design, good workmanship, and constant maintenance to protect the waterproofing and prevent damage. If any one of these criteria is not fulfilled 100 percent, the roof will leak. The fact remains that, in about half of the aforementioned five warranty claims a year due to leaking roofs, the leaks are caused by the architect's failure to properly design the junctions or seams, and by concealed defects resulting from poor

workmanship. In the other half of the warranty claims, however, the leaks can be attributed to improper use (the building's owner uses the roof for various operations, or he lets his workers walk on a roof that is not designed for walking), and to the complete absence of maintenance.

Our objective is to completely eliminate by the end of the 7th Five-Year Plan the roof leaks due to faulty design and poor workmanship. But we have no control over roof leaks caused by faulty maintenance.

Incidentally, this problem is a worldwide one. During my study tours in the FRG, Austria and Finland, I was told that they, too, have problems with leaks in flat roofs, for the same reasons as in Hungary. This of course offers us no consolation, or perhaps only the consolation that we meet the "world level" also in this respect.

[Question] My question is addressed to Imre Szabo, state secretary at the Ministry of Industry and reads as follows: The construction industry is being forced to compete but is unable to do so with its long completion dates, because industry is able to supply special-purpose materials (pumps, fans, electric water heaters) only with a lead time of 1.5 years. When will industry make real competition in the construction industry possible?

Imre Szabo, state secretary at the Ministry of Industry: The construction industry does indeed build a substantial volume of industrial goods and semi-finished products into apartment buildings and other structures, which occasionally may be specifically industrial buildings. Therefore it is in the ministry's interest to supply the demand as fully as possible. However, the ministry does not and cannot produce everything.

In the interest of keeping pace with the rapid changes in the proportions of public and cooperative housing construction, the Ministry of Industry and the Ministry of Construction and Urban Development are holding regular consultations to coordinate the construction industry's requirements with the industrial enterprises' capacities and willingness to produce. We are adopting production-organizing measures, respectively offering incentives, to alleviate or eliminate the shortages.

In the question addressed to me, the director of a construction-industry enterprise lists several products for the building industry as shortage items:

--The supply of electric water heaters has not been always adequate. In the course of reconciling the market allocations for 1986, the EVM [Ministry of Construction and Urban Development] estimated its requirement at 8,000 electric water heaters, but enterprise plans call for producing only 7,000 units. The EVM has adopted measures to resolve this shortage.

--Shortages of pumps and fans have not been reported by the enterprises, nor at the level of the EVM.

--In addition to the items listed in the question, also other products are in short supply. Such as radiators, electric ranges and pipe fittings, for example. We are initiating new investments to expand production capacity.

--There are also products (such as wire for gas-shielded welding, and steel pipe, for example) whose demand can be supplied only through supplementary import, because their domestic production is inadequate.

In addition to the efforts of industry, I believe that stockpiling trade will have to assume a greater role in the future in ensuring the construction industry's supply. Because production is continual, whereas construction is a seasonal activity.

[Question] My question is addressed to Antal Zibar, director of the Wool and Textile Raw Materials Trading Enterprise, and reads as follows: The dynamic growth of sheep farming and wool production came to a halt in 1983. Indeed, the sheep population has declined sharply since then, and consequently so has the quantity of wool produced. How do you regard the prospects of sheep farming and wool production? Will it be possible to turn around the decline evident in the supply of this important domestic basic material?

Antal Zibar, director of the Wool and Textile Raw Materials Trading Enterprise: The cost level of sheep farming exceeds the combined total proceeds from the sale of all its products. Thus this branch of livestock production has become unprofitable. Some of the farms are attempting to limit the loss by reducing the size of their herds. The farms neglected to cull and replace many of their old ewes whose wool yield is low. All the offspring are being sold for slaughter. And a period of development more than a decade long has ended!

Comprehensive measures are needed once again to restore the willingness to engage in sheep farming. To the best of its ability, the state budget will have to aid sheep farming. In my opinion, however, also the sheep farms will have to uncover their reserves, which are not so deeply hidden anyhow. It will perhaps suffice to mention the most important reserves: the average lambing ratio is low; the wool yield is small, and its composition by grades is worse than what would be possible, etc.

I am convinced that, if comprehensive measures are adopted soon, Hungarian sheep farming and wool production will weather their present difficult phase and will aid the realization of our national economic objectives with results more significant than up to now. The Wool and Textile Raw Materials Trading Enterprise will do everything in its power to aid these efforts.

[Question] I would like to ask Deputy Justice Minister Ferenc Petrik the following question: When will the gaps in the statutory regulation of the enterprise councils' operation be filled?

Ferenc Petrik, deputy minister of justice: I would like to turn around and ask: Are there any gaps? But I realize that such a question would be out of order. All I can say, therefore, is this: Believe me, not every alleged gap in statutory regulation is really a gap. It is not a gap when the statute sets only the limits of enterprise behavior, and within these limits--in this gap, if you wish--the enterprise is free to do what it wants. Regulation is likewise not incomplete when a provision does not take over from the addressee of the statute the right and responsibility to decide some question. It would be

very peculiar if, under self-management, the statute were to provide a prescription for every imaginable question, instead of letting the enterprise itself provide the answers.

Some people have objected, for example, that the statute does not specify who is to elaborate and present to the enterprise council the matters that fall within its authority. True, there is indeed no such provision. But would it help the enterprise's operation if the statute were to state that every matter should be elaborated and presented by the person who is the most familiar with the given matter at the enterprise? And does this "gap in statutory regulation" really create a problem?

Of course, the statute is not flawless. We, too, have accumulated several issues that will require amending the provisions. Merely as an example: Why can't a business organization whose enterprise council is the general manager, elect also a control committee? Or another example: The statute specifies that two-thirds of the workers entitled to vote must be present to elect their representatives to the enterprise council. But how are the workers to exercise this right at an enterprise where the peculiarities of its operation make it difficult to hold a meeting for the election of delegates at one place and at the same time (in retail trade, catering or the hotel industry, for example)? Neither do we regard as adequate the legal protection of the enterprise council's chairman. Namely, experience indicates that in most cases the enterprise council elects its chairman from among the council members whom the enterprise's director nominates. Thus the enterprise director has the right to revoke the nomination, vacating the chairman's seat on the council and thereby automatically preventing him from acting as the council's chairman.

These and the other collected questions will not require immediate action, and we would like to avoid frequent modifications of the statute. But once we have gained sufficient and substantiated experience, we will not hesitate to propose changes in the statute.

[Question] I would be interested in Miklos Pulai's answer to the following question: What gives the enterprises more autonomy: their organizational independence, or economic regulators that do not limit the enterprises' room for maneuvering and their decision-making authority? And finally, is it possible to command-direct with the economic regulators?

Miklos Pulai, deputy chairman of the National Planning Office: Although this question is similar to the one about the chicken or the egg being first, it is not so difficult after all.

Organizational independence is a prerequisite for an enterprise to be independent within the room for maneuvering that has evolved (and in part has been developed) for it. The room for maneuvering and its expansion depend on many factors that the regulators influence only partially. This is borne out by the experience that there are significant differences, in terms of enterprise results (and hence of the room for maneuvering as well), among enterprises operating under the same system of economic regulation.

With the economic regulators we want to influence the enterprises' decisions, and not to command-direct them. Of course, the system of economic regulation

is a broad concept that usually is interpreted to include many elements (perhaps too many). The nature of these elements differs considerably from the viewpoint of exerting influence.

Let us consider a few recent examples: In 1986, the enterprise is taxed at a rate of 500 percent if its average wage increase exceeds 10 percent. Thus raises higher than 10 percent are not banned, only too expensive. This obviously influences the enterprises' decisions regarding raises. Of course, not of the ones that have found it difficult even up to now to give raises of only 3 or 4 percent. Or another example: As a rule, enterprises must pay a 15-percent accumulation tax on their investments. A few preferential investment objectives may be given preferential tax treatment. I hope that this is influencing the enterprises when they are formulating their development concepts.

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CSO: 2500/185

ECONOMY

HUNGARY

## PROBLEMS, SHORTCOMINGS IN RAIL TRANSPORTATION DISCUSSED

Budapest FIGYELO in Hungarian No 1, 2 Jan 86 p 5

[Interview with Dr Rezso Bajusz, director general of MAV [Hungarian State Railways] by Maria Demcsak: "Is MAV on Track?"]

[Text] What could be the reason that one of the country's largest enterprises, the Hungarian State Railways, in recent years has not been able to completely fulfill either the quality or the quantity requirements? Can movement away from this low point be expected in the future? This is what our reporter discussed with Dr Rezso Bajusz, MAV director general.

[Question] This year in the fall MAV had even bigger problems than usual. It can certainly be evaluated now to what extent the railroad has been able to fulfill the requirements.

[Answer] The real processes taking place this year in the national economy have made the railroad's job significantly more difficult. It is well known that the energy restrictions caused by this winter have caused significant problems in the chain of production, distribution and consumption. In the first 5 months we fell short of our plan by about 3.5 million tons, which was due to temporary economic difficulties, and similar problems in the surrounding countries also played a significant role. Consequently, our transit also declined, which we were unable to sufficiently offset even with the various discounts.

[Question] This quantity, when compared to the 120 million tons planned for the whole year, is minuscule. Theoretically it is not unimaginable, that this shortfall can be made up.

[Answer] Even before the fall traffic we could see that we could only partially cover this shortfall. By the end of August we had "repaid" half a million tons. At the same time, due to the lack of merchandise base, the shortfall had increased by three-quarter million tons, which was connected with the late harvests. By then it had become clear, that the problems can only be overcome by special measures, and even then only in part.

[Question] Do you mean measures beyond the railroad's sphere of authority?



[Answer] Yes. On the initiative of the Ministry of Transportation and the National Planning Office a national program of measures has been prepared, which covers the shippers and the domestic supply industry as well. The railroad has tried to relieve the tensions somewhat by means of an internal program of measures. A significant portion of the programs has been completed--with the exception of the spare parts and locomotive deliveries, the omission of which has affected us very severely. In spite of this we were only able to approximate the quantity planned for the last 3 months.

[Question] So you were unable to make up the total of about 4 million tons of shortfall.

[Answer] Only a part of it, about half a million tons. Even more of it could have been made up, but we were losing additional positions in November as well as in December. In the first week of November the shippers were loading at an unusually low level because of the holidays. And in December, even though we had the capacity to transport 10-11 million tons of goods, this projection was far from being met, because at an overwhelming majority of the enterprises the working days between the two holidays had already been worked in advance. Furthermore, lack of planning and problems in receiving have cropped up within the railroad system. Fatigue and indifference could also be observed among the railroad workers, resulting in lack of discipline.

[Question] The outside observer sees only that the railroad is unable to live up to the justified demands of the national economy....

[Answer] If we analyze the situation which has developed in detail, it is clear to the experts that some of the problems can be solved by better organization, creation of interests and a series of other measures--by finding the undiscovered opportunities for relative expansion of the capacity. But only some of them.

[Question] The root of the problem--as much has already been said about this--is to be sought in development which for years has been unnecessarily smaller.

[Answer] This is a fact, but we hope that we are at the end of such a macro-economic cutting-back process which demanded unheard-of efforts from the national economy. We succeeded in decreasing the deficit in the balance of payments. Of course, the national economy's problems have also affected us. But we did not consider it natural that they affected us more than many other producing organizations.

[Question] Would you explain more in detail what you mean?

[Answer] The railroad operates with a huge equipment park, with low specific investment in relation to the wealth it owns but with large volume considering its quantity. It is obvious that when the national economy has problems much more development resources can be temporarily taken away from the large producing organizations. It made our situation even more difficult that we arrived at this 5-year plan period with significant amounts of indebtedness.

[Question] How much was the railroad's total contribution to the budget in the last 5 years?

[Answer] In the Fifth 5-Year Plan the difference of receipts from and payments to the state was a surplus of 17 billion forints. And during this 5-year plan period we paid in about 8 billion forints more. Our interpretation of this is that the Hungarian Railroad as an organic part of the economy has made a significant contribution to decreasing the tensions. It is a different question that the railroad's activity--in contrast with a series of other producing organizations--cannot be replaced by import.

[Question] Current serious problems of the national economy have significantly affected the railroad as the last link in the chain of realizing production. This might even come in handy for MAV, since it has become clear that it cannot be left to its own devices as an independently operating enterprise.

[Answer] We would have preferred for this not to happen. As early as 1984 the government recognized the railroad's problems and developed a concept for solving them, but since then the situation has only worsened. The government's resolution last April took a very clear position in favor of halting the negative tendencies seen at the railroad during the Seventh 5-Year Plan. I consider this to be a great achievement. But today the national economy is not in the position of giving us additional billions to quickly make up the shortcomings.

[Question] Knowing the present situation, the only question is: When will the possibility present itself to help the railroads more vigorously?

[Answer] During the Seventh 5-Year Plan--even though not to the extent that the role we fulfill in the national economy would call for--we have received certain preferences within transportation. There is a clear resolution to gradually eliminate the railroad equipment problems while improving the efficiency of the national economy.

[Question] What additional steps is MAV planning in the coming years?

[Answer] The Seventh 5-Year Plan goals are known. We would like to stabilize our economic operation partly by increasing the efficiency of the work within, and partly with the government help. It is the responsibility of the railroad management to distribute the financial means--about 33 billion forints--expected to be available for the development of the plan, according to such an extremely well considered strategy the fundamental goal of which is to preserve the existing transportation capacity, to maintain and in some areas to raise the level of service.

[Question] What are the points of emphasis you will concentrate on to meet this goal?

[Answer] Priority will be given to network development and within this to the development of the mainline network, knowing in advance that because of this for 5 years we will hear many complaints about the secondary network. The

other significant task is to develop the rolling stock. We must maintain the level of the rolling stock transport capacity partly by intensive maintenance and partly by purchasing new equipment. Today it is still questionable to what extent we can rely on the domestic industry or the industry of the socialist countries for supply of materials, spare parts and equipment. In order to fully implement our plan we will absolutely need top level help on this point.

[Question] You can achieve a problem-free relationship with industry only with the state's help?

[Answer] The regulated market mechanism does not automatically solve our equipment supply problems even though we have the money for it. It is no accident that those points of the plan of measures worked out by the government were implemented to the least extent which concern spare parts supply and industrial support. It is my opinion that supply priority designated by the government is one of the conditions for being able to carry over our transportation capacity to the Eighth 5-Year Plan.

[Question] Return to the steam locomotives is an impassable path. But this fall you were forced to do just that due to the lack of spare parts for the electric locomotives.

[Answer] This is a fact. We increased the pulling capacity of the steam locomotives and besides this we leased diesel locomotives from the Czechoslovak partner. This is why energy consumption increased, causing a quarter billion forint loss of profit.

[Question] MAV would need vigorous technical development if for no other reason then because its employment problems are increasingly intolerable.

[Answer] The concentration of developmental means just mentioned also indicates that in part we wish to replace manpower in the area mentioned. I do not speak of freeing up manpower because the technical developments are being carried out mainly in areas with manpower shortages. The most important viewpoint of the developments is to make relative capacities available. By speeding up the train traffic and the switching operations we plan to increase the transportation capacity by 5-7 percent.

[Question] Half a year ago the Hungarian state took out a \$20-million loan from the World Bank for MAV. What is this money being spent on?

[Answer] With the World Bank loan we can purchase the most modern technology. We will implement a portion of the containerization development, significant machinery purchases for track modernization and track maintenance, as well as modernization of the Ferencvaros railroad station from this loan. In the near future the railroad will also obtain modern technology as payment for the export of its own specific services. We plan to enter into joint ventures with foreign firms, and we also have agreements with domestic industry. For the most part these represent joint developments to speed up the handling of traffic, to decrease specific energy consumption, and a number of other goals. But in the first half of the plan period too much significance must not yet be attributed to the items listed, since these will be supplementary solutions.

[Question] Is passenger transportation also among the areas to be developed?

[Answer] Congressional and state resolutions obligate us to treat improvement of the quality of the passenger transportation services as a basic task. We can promise demonstrable progress in raising the standards of the passenger areas and facilities connected with serving the passengers, inside and outside cleaning of the trains, timely performance, and more flexible schedule design. We wish to do everything to at least keep and to win back a part of our traveling public we lost due to the fare increases. Basically we place the emphasis on the so-called job-related trips, that is, on the commuters. To achieve this we intend to buy 60 electric motor trains, but there is also a need to change the attitude of our workers.

[Question] This also requires wage improvements.

[Answer] We will be able to make progress here as well, again with the help of the government. So far this year we have implemented a special wage improvement, I might say at the last moment. In fact, employment was alarmingly decreasing and in some places even maintaining traffic was in danger. For the first time in 10 years the decrease of employment stopped, but in order to keep the personnel in the coming years we will need central assistance in addition to the internal measures. Furthermore, we are already working on reorganizing the entire internal system. For example, we are introducing in broader circles the performance and piece rates. These measures will truly achieve the desired effect only if we also provide the workers with the conditions necessary for more efficient work.

[Question] The railroad's share of the performance of transporting goods is decreasing from year to year. Can continuation of this tendency be expected?

[Answer] As motorization becomes more popular, the public highway continues to gain prominence--even if not at the same rate as before--but the railroad continues to be the classical means for transporting large masses over long distances over land. If we cannot satisfy the needs of the shippers or cannot do it adequately, then they are forced to transfer their goods onto the public roads, even though they could be transported more cheaply and more efficiently by rail. But this is contrary to the interests of the railroad as well as of the national economy.

[Question] It seems that the plan for decreasing the need for transportation at the national economic level is contrary to the interests of the transportation enterprises since these can increase their incomes by increasing their transport performances. How can MAV reconcile the two?

[Answer] There really is a contradiction here between the interests of the national economy and the enterprises, but if we resolve this contradiction properly, then the enterprise interests can also prevail. The railroad is an enterprise of public service character but after all it also operates on the profit interest motive. Each ton it cannot transport decreases its income. But in the optimum case--in connection with the need for specific transportation--a transportation chain develops where in accordance with the regulating

principles of the transportation policy and on the basis of the technical and economic possibilities the goods will come into existence, where they can be transported the most efficiently. If these transportation chains become completed--considering also the modern unit packaging, containerized and other technologies--then it is in the railroad's interest that these chains do come into existence and the specific transportation demands decrease on the national economic scale. The railroad's place is a stable one in the transportation chain and it can be organized, since we will shape the railroad's technical preparedness in accordance with this. We will also create the financial and technical conditions needed for the program. But the government program encourages not only us but also the public highway transporters and shippers to implement the program.

[Question] As far as I know central resources are also available to implement this program.

[Answer] Yes. Consequently I am certain that the goods appearing on the public highways due to duress caused by the capacity and other problems mentioned above can be guided back onto the railroad. If in the future the railroad did not prove to be a sufficiently reliable partner, then the program would cause the railroad to lose its position again. This must and can be avoided.

In conclusion let me say that I am optimistic because we have a strategy with which we can move away from this low point. We have also received a promise from the government for special aid. Naturally they are justified in expecting us to make the maximum efforts to take care of the tasks. Perhaps in the beginning the speed of progress will be slower than we would like, but we will be moving forward.

8585/12859  
CSO: 2500/152

11 March 1986

ECONOMY

YUGOSLAVIA

## CREDIT, MONETARY TRENDS IN 1985 DISCUSSED

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 24 Jan 86 p 6

[Article: "Most of the Newly Created Money Went to the Population"]

[Text] If one assumes that the social product was deflated by approximately 80 percent in 1985, in October the money supply lagged by approximately 40 percent behind the growth in the volume of the total production of the money supply and behind the growth in the volume of total production. That is to say, the annual rate of growth of the money supply at the beginning of November was 42 percent and it was 347 billion dinars greater than at the beginning of the year. In view of the fact that the entire production was based on constantly growing prices, this means, on the one hand, that the coefficient of the circulation of the money supply has been increased and, on the other, that some of the current payments were not met. In other words, this means that purchases were made by means of various securities which postponed payment, or else by a failure to make payments that were due. It is not possible to single out and state with certainty which aspect pertains to the faster circulation of the money supply and which to the irregular forms of money, but it is certain that the sum totals several hundred billion dinars, which indicates that the credit and monetary policy is considerably less restrictive than one would be led to believe by the indicators pertaining to changes in basic money supplies.

In the first 11 months of 1985, short-term bank credits (the data pertain to the period ending on 10 November) increased by 49 percent in relation to the volume at the end of the previous year, while long-term credits grew at half that rate (27 percent). A great increase was also noted in discounted and re-discounted stocks (approximately 67 percent) in comparison with December 1984. The volume of those stocks increased, however, also because they include the amount of interest earned by them. In the second half of November there was an unusually strong growth of bank investments, which caused the money supply to post a very high increase in that month. In November, it grew by 138 billion dinars, which was 40 percent of the money that had been created in the entire preceding 10-month period. Thanks to this, the cumulative growth of the money supply during the period January-November 1985 amounted to 470.6 billion dinars.

Most of the newly created money went to the population. In November, the population received 80.6 billion dinars, or 58 percent of the entire money supply. In 11 months, the population increased its liquid assets by 202 billion dinars,

while in that same period the economy decreased its liquid assets by 40.5 billion dinars. This was the first time that the economic organizations had at their disposal at the end of November of the current year less money than they did in December of the previous year.

The outflow of the money supply into the hands of the population was caused, for the most part, by the rapid growth of personal incomes in November and in the preceding months, which contributed to having the organizations of associated labor convert part of their profits into money and distribute it by means of personal incomes. In view of the fact that, due to seasonal reasons, there is always a major increase in ready cash during December, it is to be expected that a significant portion of the money supply will be retained in 1986, mostly by the population but also by some other non-economic sectors.

The announced decrease in interest rates, to start in February 1986, could coincide with the increase in inflation which should follow the planned price increases and the growing costs of doing business. If one proceeds from the justified assumption that the growth of personal incomes will not continue at the present rate, one should expect that the rate of savings will go down. Furthermore, the decrease in interest rates will slow down, or even stop altogether, the process of increasing term deposits, so that the relative effect on demand will be more pronounced than would otherwise be the case.

The decrease in interest rates will contribute to the improvement of the financial situation in the economy, in view of the fact that it has to increase reserves and revolving funds as a whole. Data on the nine-month periodic accountings reveal very strained relations in this area. Eighty-eight percent of the total amount of revolving funds are invested in reserves and claims, i.e., in such a way that they take the longest possible time to revolve and it is most difficult to exchange them for more liquid forms of money. In financing the renewal of the means of production, in the majority of cases use is made of somebody else's funds; for this reason, self-financing in the economy has dropped from 43 percent in 1984 to 41 percent in 1985.

The percentage of ready cash in overall revolving funds has dropped to 12 percent (as opposed to 16 percent in the period January-September 1984).

The greatest problem in the structure of revolving funds are the reserves, which at the end of September accounted for approximately 53 percent of the revolving funds. In relation to last year, the reserves have increased by 87 percent, which is higher than the inflation rate. In addition to the high increase in prices, other things contributed to the increase in reserves: increased value of the reserves, a decrease in the overall market demand, an intentional withholding of products from the market because higher prices are expected, the hoarding of semimanufactures due to a fear of uncertain supplies, etc. Reserves have reached a level where on the average they spend two months in one cycle of production; during that period, well over half the amount in revolving funds is immobilized, which in turn causes an increase in shortterm debts and expenses associated with interest rates.

# The Structure of Revolving Funds

<u>Item</u>	<u>30 Sep 1984</u>	<u>30 Sep 1985</u>
Revolving Funds	100.0	100.0
Money and securities	15.6	12.2
Buyers' debts	22.9	24.0
Debts from advances	11.8	11.1
Total reserves	49.7	52.7
Sources of Business Funds	100.0	100.0
Permanent sources of business funds	43.0	41.3
Associated resources	6.7	6.6
Total credits	32.7	34.5
Debts to suppliers	10.4	10.3
Debts for advances	7.2	7.3

In the absence of its own funds, the economy has been using the savings of others through bank credits. For this reason, bank credits went from 33 per cent of all sources of business funds at the end of September 1984 to 35 per cent at the end of September of this year. At the same time, this was also the cause of the increase in payments associated with interest rates, which is one of the major cause of spending inflation in Yugoslavia.

It is significant that thus far in 1985 there has been a high increase in advance payments (66 percent). Approximately 41 percent of all the debts in the economy are paid in this manner, and, judging from everything, it is unlikely that major changes will take place within 1985.

9110/12859

CSO: 2800/151



ECONOMY

YUGOSLAVIA

# HEAD OF CROATIAN BANK DISCUSSES NEW BANKING LAW

Zagreb DANAS in Serbo-Croatian 24 Dec 85 pp 13-15

[Interview with Dr Tomislav Badovinac, chairman of the Business Committee of the Associated Bank of Croatia by Ljubomir Cucic: "A Fine Sieve of Economic Criteria"; date and place not specified]

[Text] The law on changes in the banking and credit systems is the foundation from which should stem a turnabout in money management in Yugoslavia. This turnabout should bring us not only closer to rational management of social financial resources, but also to a more complete influence by the organizations of associated labor, the founders of the banks, on the banks' management of money. We have discussed the changes that will inevitably follow the adoption of the law, and the reasons that have brought about the law with Dr Tomislav Badovinac, chairman of the Business Committee of the Associated Bank of Croatia which, incidentally, is the bank with the largest resources in Yugoslavia.

[Question] The law on the banks has been adopted by the federal assembly. Why was it really adopted?

[Answer] Our development to date has been marked by the fact that the demand for financial resources has been greater than the supply, except perhaps for the most recent period, when the demand may have fallen off because of high interest rates. This imbalance has been especially evident in regard to investment funds. Under those circumstances, the money was for the most part being allocated within certain banks, and so a partial mechanism for utilizing those funds became characteristic of our financial system. We lack those desirable integrating currents that guarantee an even influence of economic criteria and an efficient utilization of money within the framework of the banking system and the economy as a whole. The decision making in the banks is based on separate and consequently not uniform evaluations of the economic criteria pertaining to the conduct of business. The managements of many banks adjusted these criteria to the stipulations of a closed circle of their customers, bank members.

This so-called customer relationship had a powerful influence and, over time, it became a significant and financially perceptible aspect of the banks' conservatism. This was especially evident in the well-known principle that a bank would not only approve credit for, but would not even accept requests from organizations that were members of some other bank. The status of customer

or depositor, i.e. one who deposits into a bank part or all of his money, is so powerful that by itself it guarantees that requests for credit will be honored. Thus, the customer's relationship with the bank renders marginal all criteria based on objective economic laws pertaining to the utilization of money.

[Question] The new law proceeds from the assumption that a bank is an independent economic institution. During the preparations for the adoption of the law, and during the public debate, several different interpretations of this assumption were voiced, and the question was even raised whether that assumption was of a non-self-management nature. Can it be concluded that the so-called independent bank is not equally welcome everywhere? It is evident that these contradictions and differences are not only of an economic nature, but are also political and even ideological.

[Answer] The law defines a bank as "an independent financial institution for conducting credit and other banking functions." It is true that this position has been interpreted in different ways. Still, the fundamental intent behind that formulation was simply to obligate the banks to apply economic laws in the conduct of their business. This presupposes greater independence, but also increased responsibility in the management of money. Independence really means that the members of a bank formulate their own and the bank's business policies exclusively in accordance with economic laws, make independent decisions on how to deploy the funds that have been deposited in the bank and, what is particularly important, accept all the consequences of poor business practices, the risks, erroneous decisions, and business failures.

[Question] Logically, this stands, but practice could bring about new disagreements. It is being maintained that such an elevation of banks is in reality the first step toward so-called "independent centers of financial power."

[Answer] I think that such views are without foundation. An independent center of financial power comes about when the accumulated funds in a bank are managed not by the founders but by some other forces, for example select technocratic groups, political factors, or a third party. We have been witnessing for many years these very practices, which had nothing in common with rational economic investments. As a matter of fact, that is the source of all of our troubles. Such interference, however, is not possible if, as provided by the new law, the management of the bank's resources is turned over to its founders, i.e. those who are forced to invest only in accordance with economic criteria. If they fail to do so, they must suffer all the consequences.

[Question] Such a responsibility also imposes the need for standardized criteria for lending, to state it tentatively. That is to say, it would be possible for many to satisfy the so-called economic criteria, but still lack sufficient funds because of scant resources. What should really be the main determinant in investing?

[Answer] It is not true that the banks have no responsibility toward the strategic goals of socio-economic development. On the contrary, it would really be good if the medium-term plans would base these strategic goals on the criteria of economic laws; as far as the major infrastructure projects are

concerned, it would be necessary to find some special means for development based on specific economic criteria. Thus far, there has been no authoritative document to obligate the banks to establish a series of points, principles, and yardsticks for implementing their own business and credit policies. The absence of clear economic parameters was also evident during the combining of resources in order to carry out certain special development projects. In Croatia, even fundamental organizational preconditions do not exist, because the Associated Bank was formed only recently.

If increasing exports is the fundamental orientation for development, then individual banks, as well as the banking system as a whole, must turn toward that goal. The development of export-producing facilities, along with an essential structural adjustment of the economy, must take absolute precedence.

[Question] In the debate on the new law, one could frequently hear that the law was good, even too good, and that in its present form it could, because of the current circumstances, also have undesirable consequences. Consequently, among other things, the demand has been made that the law be implemented gradually, and that there be an adjustment period. What is meant by this?

[Answer] The new regulation will begin to take effect at a time of difficult circumstances of increased losses, poor liquidity, an unsettled situation in regard to permanently revolving funds, differences in exchange rates, and high losses that have not been covered and paper assets in the banks. Without a prior financial consolidation of the economy and the banks, implementing the law would indeed cause major problems and dislocations. For that reason, it has been proposed that some of its provisions should not be implemented during the first year. This primarily pertains to the article that stipulates the liquidity of the business banks and its founders, and to the stipulation of the criteria for credit worthiness. The time should be utilized to settle the financial disorder in the economy and the banks, and this is the only case that would justify the so-called transition period.

[Question] Stipulating the liquidity of the banks and the economy is in fact the most important element of increased responsibility in the area of business policies. The responsibility of the bank members is proportional to their share of the bank's assets. This has caused some claim that we are introducing into our finances elements of a shareholding and profit-oriented system.

[Answer] I really think that we should be clear about what we want. Either we will conduct business on the basis of sound economic criteria, and the banks will become truly responsible economic entities, or else we will succumb to political phraseology.

[Question] The stipulation dealing with the amount of deposits and the right to manage has generated the conclusion that the banks will in fact be ruled by their greatest debtors. This was undoubtedly an allusion to the situation in the largest business bank in Croatia. Does such an objection have any basis in fact?

[Answer] The banks are managed exclusively by their founders and social juridical persons. It is necessary to point this out in order to remove all doubts

and possible misunderstandings regarding the social nature of banks and the socio-economic relationships that will develop in them. The management of a bank is based on the volume of deposited and associated funds, and the quality of such funds. This is a key question for overcoming the situation where those who had minimal deposits in the bank were on an equal footing in regard to management, as were those who managed poorly and even suffered losses, with those who had deposited major sums of money and who furthermore managed the money wisely.

[Question] In our banking system, the associated banks have always had a somewhat inferior position because the lawmakers limited their area of work and business. Does the new law bring any improvements?

[Answer] In Yugoslavia, only the basic banks can conduct all the banking functions, from taking in people's savings to doing business with foreign countries. This has brought about a not completely desirable systemic superiority of the business banks vis-a-vis the associated banks which, for example, cannot use any source to form their own deposits and invest them independently in the form of credits. In reality, associated banks are powerless giants because their founding and conduct of business are in the hands of the basic banks.

[Question] Tying the hands of the associated banks could also be taken as an attempt to prevent having financial dealings be restricted to a single republic.

[Answer] It seems more likely to me that the real reason for the undefined position of the associated banks is their powerlessness vis-a-vis regional trends and retrenchments. As a matter of fact, integration at republic level, through associated banks, must be and should be the greatest obstacle to regionalism. At any rate, there is nothing to prevent the associated banks, once they are formed, to associate at the federal level. The reason and motive for such links could be developmental projects having an all-Yugoslav significance. Consequently, it is possible to build, but not destroy, solidarity and unity through the associated banks.

[Question] Recently, the utmost attention has been paid to the so-called paper assets in banks. Depending on the source, these assets can be measured in thousands of billions of new dinars. It has been said that these nonexistent funds are the major impetus for inflation and instability in Yugoslavia. Where do these phantoms come from and how can we rid ourselves of them?

[Answer] Undoubtedly, there are huge amounts of unreliable and nonexistent claims, as well as those that have been written off, that are rolling through the banking channels. It would be difficult to talk of specific amounts, because, in addition to differences in exchange rates, they have not been figured out exactly. These financial phantoms have been created in several different ways. The main ones are uncovered differences in exchange rates, claims against organizations operating at a loss that are facing bankruptcy proceedings, and low quality and worthless assets. The removal of these paper assets is one of the basic preconditions for the stable conduct of business and the non-inflationary financing of reproduction. How can this be achieved? In the first place, by removing the focal points of exchange rate differences,

which the new law on foreign exchange does to a large extent. Furthermore, it would be necessary to spread the burden of existing but uncovered exchange rate differences over longer periods, with a special law. An important link in this process of consolidation should also be the definitive solution for the mutual debts between the National Bank of Yugoslavia and the business banks. The future profitability of the banking business would immediately prevent the formation of losses in banks. Each bank should reevaluate its own claims, and, if there is no other way out, seek a solution through a rescheduling, a process of restoring profitability, or, as a last resort, by liquidating the hopeless debtor.

[Question] What can the government offer in this context, and how do you interpret the position of the Yugoslav presidency that has devoted the most attention especially to the removal of such paper assets in the banks and in the economy?

[Answer] I think that the presidency, being fully aware of the real trends, has established a rational order of priorities in which, for good reason, the financial consolidation of the economy and the banks is the starting point for the overall process of stabilizing our economy.

[Question] The law on foreign exchange has been adopted recently, through an accelerated procedure. Do its stipulations also follow the line of the basic aims of the law on the banking business?

[Answer] I have not noticed any major divergences between the two laws. They aim for permanent liquidity for the dinar, without which both laws will have failed. Both laws define and specify the role and responsibility of the banks in an exceptionally sharp manner. They regulate in a similar manner the possibilities for incurring debts in Yugoslavia and abroad, as well as the basic conditions for conducting the banking business.

[Question] Can the new laws help bring about increased confidence on the part of foreign financial centers, and can they help improve the credit worthiness of Yugoslav banks abroad and ensure their return to the world financial markets?

[Answer] Foreign countries are carefully monitoring the new legislative solutions and events in our economy. This has been confirmed in talks I have had with representatives of foreign banks. They view as positive the fact that the laws are introducing economic criteria into our economy gradually, and they welcome their greater flexibility in regard to systematic solutions aimed at enhancing mutual economic exchanges. One can expect an increase in confidence, however, only when our economy becomes a more serious and reliable partner for the developed West.

[Question] One of the most painful points in our relations with foreign countries are the debts. In Croatia, they are concentrated primarily in the Economic Bank of Zagreb. Does the fact that from now on foreign exchange debts can be repaid by purchasing foreign exchange for dinars improve or change the position of the greatest debtors of this bank?

[Answer] One thing that is certain is the decrease in the pressure for foreign exchange liquidity. The former mechanism of ensuring foreign exchange for the repayment of debts through institutionalized solidarity has disappeared. In a way, that mechanism has helped to bridge the gaps created by a lack of dinar funds. Now, the dinar aspect of the debt is coming to the fore, instead of foreign exchange; consequently, a completely new strategy will be necessary to remove the difficulties facing us. Actually, these difficulties are facing all of the major industries associated with the infrastructure, especially the electric power industry, to give an example. It is also clear, however, that the troubles facing those debtors are not only theirs or only of the Economic Bank. This is a matter involving property with a broad social significance, and the entire economy will have to help, as it did in the past.

[Question] The problem of the internal, i.e. dinar, liquidity of debts is impossible to consider without taking into account the interest rate policy. High interest rates harmonized with inflation have become in Yugoslavia a battlefield for various views on how to stabilize the Yugoslav economy. It would be interesting to hear your views on the controversial policy of real interest rates.

[Answer] Real, i.e. positive interest rates are one of the basic and underlying axioms of a market economy. Real interest rates, however, can do their job only in a situation where the economy owns 85 percent of its resources and utilizes loans only to get over the "spikes" encountered in doing business, because it is not profitable to have all the revolving funds on hand all the time. They will not be effective if they are introducing into an economy which in general does not operate in accordance with economic laws and which, for the most part, has no money of its own. The only consequence would be an even greater increase in prices. This discord has its roots in a decade of doing business without having real prices be a factor in production, at a time of exceptionally cheap credit. Past attempts to harmonize the interest rates with inflation resulted in a further devaluation of revolving funds, because the big money has been "siphoned off" into private pockets.

Furthermore, experiences in applying a policy of positive interest rates confirm that the interest rates were measured off in a linear manner, without any sense for the differences in the economy, for developmental and stabilizing priorities. They are tied to inflation, which was increasing on a daily basis. The only possible conclusion is to decrease the growth of prices.

9110/12766  
CSO: 2800/128

MILITARY

POLAND

#### OFFICER SCHOOL ACTIVITIES OVER PAST FIVE YEARS REVIEWED

Warsaw PRZEGLAD WOJSK LADOWYCH in Polish No 10, Oct 85 pp 5-7

[Article by Brigadier Dr Stanislaw Zak, head of the Military School System Directorate, and Col Dr Edward Szumer, "A Hard Working Five Years for Higher Officer Schools"]

[Text] Higher Officer Schools [WSO] have inaugurated the 1981-85 period with a clearly defined program of action. Its significance was expressed in the guidelines issued by the Council for Higher Military School System at its plenary session in June 1979; it elaborated on an earlier directive by the Ministry of National Defense which has recommended "...improvement in the standing of higher officer schools, expansion of their ever growing scholarly activity, turning leading courses into chairs, intensified granting of academic degrees."

According to this recommendation by the Council's chairman, the minister of national defense, the main effort has since been focused on improving the quality of the didactic process, as well as of education and research, by linking organizational reforms to accomplishments in those areas, pivotal for the functioning of the schools. We would like, therefore, to draw the readers' attention to some development processes, under way in the WSOs, in particular in the model ones.

The organizational structure to promote the most significant teaching and educational functions of the WSO's, has been defined in the new 1981 edition of "Principal premises for cadet training in the WSOs," as well as in the curricula and educational programs, amended to conform to these premises.

The document, which sets up the WSO targets for the entire decade, points out, inter alia: "...the requirements for the 1980s inspire the need to set up qualitatively higher standards for the WSOs, in accordance with the cultural, scholarly, and technological levels of development. The schools should train new cadres of military experts, even better prepared for their future civic and professional roles, endowed with the necessary proficiency and personal values."

The document prescribes the personal and professional model to define the image of WSO graduates. On one hand, it expresses the general goals and

contents of training; on the other, it sets up guidelines for preparation of professional character traits of the graduates, that is to say, an empirical model of WSO graduates for every specific training line and for every specific military specialization.

When curricula were first structured, professional characteristics of graduates were spelled out for the first time, to indicate detailed targets and selection of educational contents. Results of the research project "Methodology of structuring the WSO curricula" were also allowed for.

The "Principal premises etc." has endorsed a new form of training,-- alternate courses tentatively introduced several years earlier. In higher professional military schools they had proved their full effectiveness, allowing for rational redirection of study and education processes, not divorced from real life, and for better and fuller preparation of graduates to discharge their functions and duties at their first operational levels in military units. Long-term (educational) apprenticeships have also contributed to the shaping of more profound motivation for the military profession among cadets, and at the same time stimulated their verification.

Research projects carried out during such experimental alternate courses have confirmed the hypothetical expectations concerning the efficiency of this form of training. In particular, they promoted higher levels of practical knowledge, as well as talents and habits of command, instruction, and education. Prolonged service with military units favored familiarity with the socioprofessional milieu, and shaped desirable habits in service and work, as well as self-confidence and resourcefulness; it brought intimate knowledge of combat and technological equipment. The universal introduction of alternate courses in the WSOs has been a major achievement of the last 5 year period.

#### Graduates' Professional Proficiency

The top levels in the Ministry of National Defense have also paid major attention to the problems of quality of training and educational processes. In 1984 alone, three consecutive sessions of the Council for the Higher Military School System dealt comprehensively with many problems essential for these schools. Some of them were as follows:

--"Analyzing and evaluating the process of shaping the personality of WSO cadets, in particular as far as ideopolitical and moral attitudes are concerned."

--Analyzing and evaluating the process of shaping command, military specialist, and pedagogic proficiency of WSO cadets."

--"Evaluating WSO organizational structures and prospects for their continuing development of the chair system."



--"The current state and development prospects of the WSO infrastructure."

The document prepared for consecutive sessions of the Council, the analyses, conclusions, and suggestions presented there, as well as recommendations passed, constitute a valuable theoretical contribution to military schooling, as well as methodological guidelines for further improvement of the teaching and educational processes in the WSOs.

Their implementation includes, among other things, introduction of a new subject in the curricula, called "Basics of Command." This discipline, which covers the psychological and sociological, as well as practical aspects of command functions, provides a good theoretical basis for the development of such talents, needed by every officer.

Major attention has been paid to professional proficiency of WSO graduates, defining its scopes and modes of shaping. Professional proficiency is defined by the scope of acquired knowledge, as well as by inculcated know-how and competence. As far as officers, WSO graduates, are concerned, the range of their command, their military expertise, and their pedagogical proficiency are of primary significance, especially during the first period of their professional duties. After all, on those values, as well as on their ideopolitical proficiency, the graduates' ability to discharge their functions at the lowest command level depends. To define the components of professional proficiency, it has been determined that:

--command proficiency is defined as a syndrome of personal and professional predispositions, intellectual and proficiency ones in particular, which allow the graduates rationally to command the soldiers' troop (sub-unit) consigned to them, both in peacetime and in war, according to the praxeological principles and to the letter of military regulations and rules, combined with easy use of the regulations language;

--pedagogical proficiency is defined as a syndrome of personal and professional traits, including in particular the acquired knowledge and officer's know-how, which would allow them in the most rational, lucid, and effective manner to shape the convictions and the attitudes of soldiers, as well as to educate and to train them;

--military expertise proficiency is defined as a syndrome of personal and professional predispositions, including in particular the know-how and competence which should characterize an officer-specialist in a given armed service branch. In addition to theoretical knowledge proper, familiarity with equipment and weapons, ability to make use in combat of their technological and military propensities, and knowledge of their proper maintenance conforming to the set standards, are of particular importance.

Many practical guidelines concerning the essential components of the training process in the WSOs derive from the above mentioned instructions and definitions, which constitute a valuable contribution by the Council for Higher Military School System.

A major role in elaborating and propagating didactic innovations, especially in the area of methodology of teaching, has been played by the Joint WSO Commanders, established in 1979 and acting as a permanent advisory body to the Council for Higher Military School System. The regular operational modes of this body, and above all its meetings held at extramural sessions, each time in a different WSO (training center), as well as the preparation of materials for such session, presentation of most successful model solutions of organizational and methodological problems, opportunity for unconstrained exchange of views and experiences--all that provides a unique platform which promotes improvement of the entire operational process of the WSOs.

#### Scholarly Development of Cadres.

Scholarly and methodological conferences, held since 1982, are a new initiative of the last 5-year period, and have been adopted and substantiated within the timeframe of military training. They are devoted to separate disciplines or groups of disciplines, and allow for acquaintance in depth with their problems, and for formulation of organizational and methodological guidelines which insure unification of teaching and educational processes throughout the military school system. The previous conferences held within the WSO structure were devoted to problems of tactics (1982), firepower (1983), and ideological and educational work in a training sub-unit (1984). In 1986 another conference, devoted to teaching of the subject, "The ABC's of Command," will be held.

The 1981-85 period was also of major significance for improving and developing WSO research projects. This activity has been focused on a broadly conceived study of didactics in the WSOs, in particular as far as their curricula, specific methodology, and effectiveness of didactic measures are concerned. Some projects were directed at problems of tactics and firepower. Wherever conditions and means permitted, some schools have come to grips with technological problems, including those linked to the national economy. This was, in particular, the case of WOSS, WOSR, and WSOWCh.

Major progress in acquiring PhD degrees by teaching cadres has become a target and the result of research activities. Since early 1981, the number of officers with academic degrees has gone up by 72 percent; number of doctors of military studies, the most important group among graduated WSO cadres, has quadrupled. The first assistant-professor theses have also appeared: Col Ryszard Majewski of WSOWZ in the humanities, and Mjr Bogdan Zoltowski of WSOWRiA in technological sciences. It indicates a higher quality level in the scholarly development of cadres, and provides good prospects for the coming 5-year period.

The scholarly development of cadres has provided a major lever for improved quality of teaching and educational processes in the WSOs. Lively intellectual activity and increased range of professional knowledge directly affect the level of teaching and the teacher's prestige. A higher level

of proficiency of the teaching cadres is closely linked to their increased ability to influence cadets. Thanks to their own scholarly contributions and to the results of their research, diplomed teachers enrich the knowledge imparted to cadets.

Under such circumstances, the teaching process acquires a new dimension, more attractive, inspiring, and at the same time practical one. The rejuvenation of teaching and scholarly cadres, inaugurated during the last 5 years, has been of major importance for the scholarly development of the schools. In many cases scholarly degrees have already been granted to graduates of the first WSO classes of the 1970s; this bodes well for acquiring assistant-professor degrees in those schools.

The recent organizational and structural reforms of the WSOs followed the scholarly development of their cadres and the positive changes in the teaching and educational processes. The number of chairs has grown by 75 percent, in some WSOs approaching the target [WSOWI], while Research Teams for Methodology of Teaching have been turned into Institutes for Military Didactics. Lectorates of foreign languages have been granted separate entity and autonomy, as Foreign Language Studies. Following the proven experience of the military academies, joint positions for scholarly and teaching cadres and for auxiliary staff have been introduced throughout the WSOs, thus permitting the school commanders to better structure the entire corps of military academic teachers, according to the tasks allotted to their various links (chairs, institutes, courses).

Thanks to the inspiration of the WSO commands and of top levels in the Higher Military School System, and with significant assistance of the Chief Inspector for Training, of the Main Directorate for Combat Training, and of military districts and armed services commands, a modern, even unique in some of its solutions, material and teaching basis has recently been established, in particular as far as tactics and special tactics training are concerned. The use of computer technology in teaching, as well as in managing and running schools, has been introduced on an increasingly broad scale. Scholarly libraries have expanded: in addition to their primary functions--information and service--they have begun to play teaching and scholarly role as well.

We are aware of all the weaknesses which have afflicted the WSOs over the last 5 years. They include, among others, a high percentage of dropout cadets, in particular during the first and second year of studies; difficulty in achieving at least a satisfactory level of general military preparation of graduates; uneven scholarly development of cadres in various schools; and, finally, the still unsatisfactory from our point of view progress in improving the living and social standards of cadets.

However, in the last 5 years, the prevailing trait was systematic progress in the entire functioning of the WSOs. A synthetic and credible indicator for such progress results from inspection, to which all the WSOs were submitted during this period, some of them even twice. In each case the marks were "good". Nearly 75 percent of the WSOs were honored by

recommendation in the annual training reports of the minister of national defense, some of them even twice [WSOWI] or three times [WSOWOPL, WSOSK]. In acknowledgement of their contribution to the development of the armed forces, the PPR Council of State granted the Higher Officer School for Mechanized Troops and the Higher Officer School for Armored Troops the Banner of Labor Order, 1st Class, to mark their 40th anniversary.

The WSOs, preparing the future professional cadres of the armed forces at a level conforming to the contemporary military thought and technological progress, and systematically improving the performance of their teaching and research duties, have become an essential component of our country's defense capability; the educational system, elaborated and implemented by those schools, tested under the difficult social and political conditions of the early 1980s, should be particularly stressed.

The last 5 years, for most WSOs crowned by their 40th anniversary, has therefore been in almost all its aspects put to good account in implementing the previously quoted guidelines of the Ministry of National Defense. The ongoing development processes in these schools provide a good basis to let in the second half of the 1980s.

12485/9190

CSO: 2600/159

POLITICS

CZECHOSLOVAKIA

RELATIONS OF WORKERS WITH EDUCATED CLASSES DEFINED

Prague NOVA MYSL in Czech No 12, 1985 pp 32-41

[Article by Rudolf Franek: "Timely Questions of Workers' Relations with the Intelligentsia"]

[Excerpts] The birth and advance of socialism are lawfully linked with the leading role of the workers class under the direction of the communist party. Yet, the workers class can fulfill its historical role only in association with the other working people. The character of this association, however, its tasks and problems, do not remain static, but rather change and develop in relationship with the overall character of society, the degrees and stages of its development, as well as its corresponding main tasks and goals.

While during the period immediately following the socialist revolution, the workers class wielded its power in association with small and medium farmers, retail producers and the intelligentsia, at the present time it does so in union with the cooperative farmers class, the intelligentsia and other working people. This union has a socialist character not only in the substance of these classes' tasks but also in the character of these classes and groupings and their mutual relations. This does not exclude a differing degree of socialist consciousness and maturity in members of this union or individual components of these groupings and classes.

One of the vital tasks in the realization of qualitatively new tasks is the transition from largely extensive economic development to intensive economic and social systems. The principal instrument in this goal is significant acceleration in scientific and technological development. This brings about a whole complex of wide-ranging and demanding problems and tasks. In terms of difficulty, they are compared with the resolution of such past problems as industrialization and collectivization. Fundamentally, it is a question of qualitatively new problems which it is necessary to master.

In the process of building an advanced socialist society, which includes the realization of the above-mentioned tasks, there is a higher and more extensive impact of the subjective factor, the importance of its readiness and ability to master demanding tasks and apply them in practical terms. In the sphere of social sciences, this confronts us with the need to devote priority attention to the basic moving forces which decisively influence the future advance

of socialism, their fundamental interests and mutual relations. A part of this task is research on the character and evolution of the social class structure, especially the processes of bringing classes and groupings together and formulating and strengthening the individual's socialist profile and way of life.

Our society's principal tasks in the realization of the strategic line of building advanced socialism were set in the resolutions of our party congresses. These tasks include the strengthening of the leading role of the workers class and the communist party, transition to an intensive economy, intensification of socialist relations in society, bringing together of social classes and groupings, town and country, physical and mental endeavor, formulating the development of a new mentality in people, etc.

Our future tasks were also formulated at the 15th Central Committee session which analyzed the current state of affairs and revealed the weaknesses and untapped reserves in our development. Great emphasis was again placed on accelerated application of scientific and technological advances in our everyday life. It is in the realization of this key task that the importance of a firm union between the workers class and the intelligentsia comes to the fore. It is sometimes asked whether current or future changes in this sphere might not be in some way reducing the role of the workers class. In searching for the truth in this matter, we should not consider merely the narrow professional and technical aspect, even less only certain of its components.

Marxist-Leninist theory has scientifically documented the fact that even in the period of the scientific and technological revolution there is no abolition nor reduction of the leading role of the workers class. There are a number of good reasons for this. The most important is that the workers class, even more than the other classes and groupings, has an interest in the acceleration of scientific and technological progress in all its fundamental aspects and relationships. Its interest is linked with a comprehensive understanding and desire to implement such progress. The workers class is indeed the principal guarantor of a process in which advances in this field will be subordinated to the fundamental tasks and aims of a socialist society as a whole, thus also in the interest of all the other working people. The workers class is able to make sure that these priority tasks emanate from the goals of the socialist revolution, the building of socialism and communism. The interest of the workers class stems from its position in the socialist division of labor, a position which makes it even more interested in this sphere than the other classes and groupings. From this it follows that the workers class wants qualitative changes in this division of labor and their impact on the social class structure. In the current stage it is mainly a question of the character and substance of labor, the significant differences between physical and mental endeavor, between research and management, etc., and the social consequences of such division of labor.

Scientific and technological advances enable the workers class to gradually contribute to the fruition of its aims and interests. At the same time, it should be remembered that scientific and technological progress is only one factor affecting the future, albeit an important and vital one. Even today the workers class represents the principal and immediate producer of material

values which make scientific and technological progress possible. The workers class is interested in both quantitative growth of production and its higher quality.

The growth of production and its metamorphoses are linked to satisfying the needs of the workers class and the other working people, including the process of further emancipation from the old type of division of labor. The contemporary production process in industry and some other branches, e.g., agriculture, still encompasses a considerable extent of physical or predominantly physical labor, accompanied by physically demanding work, monotony, unfavorable working and environmental conditions, all of which brings about undesirable social consequences.

Despite already implemented significant changes in the CSSR industry and other branches, results of research show that a large portion of workers still performs predominantly manual labor. Research in selected Czech and Slovak industrial enterprises, for example, indicates that, on the average, labor performed by the blue collar workers is physically still much more strenuous than that performed by white collar staffs and the intelligentsia. Based on results of research, we can thus state that the differences between physical and intellectual endeavor, as represented by the above-mentioned groups, are still considerable throughout our industry. Significant differences are also found in the level of education, even though in this sphere the process of rapprochement is somewhat more rapid than in the character and substance of labor as such. This process of rapprochement is significantly aided at this time by the introduction of compulsory middle schooling of 10-year duration for all members of the young generation.

In the period of scientific and technological progress, the significance of the leading role of the workers class increases rather than diminishes, while its numbers remain steady. The workers class represents a mighty source of creative forces and talent.

The character of the intelligentsia's social position and tasks should not be derived merely from quantitative data nor from the very development of science, technology, education and social upbringing. In other words, the importance of this social grouping cannot derive from narrow professional aspects, nor even from the technical, production and specialized vantage points. The social position and role of the intelligentsia is determined primarily by its social, economic and political function, as well as by the relationships of its place and work in a given society. This is because science, technology, culture, education and other areas in which it is active are socially conditioned and have social consequences. The professional activity of this social grouping is heavily dependent on the character of a given society, its tasks and developmental dynamism.

Scientific and technological progress faces the following two sets of problems:

1. Resolution of specific issues concerning the substance and methods of individual scientific disciplines or groups thereof, while natural and technical sciences examine the natural laws which are independent of the character of a social system.

2. Resolution of problems which are socially dependent and which are related, above all, to conditions of scientific and technological development, their application in everyday life, their benefits to society, etc.

The principal task of science and technology is to contribute to higher effectiveness of production, based on technological, production and organizational innovations. In socialist societies, social effectiveness of production and other labor processes comes to the fore.

Scientific and technological progress contributes in a specific manner to the intensification of relations between the intelligentsia and society as a whole, notably relations between the workers class and the intelligentsia. This is brought forth by certain new types of relationships between science and technology on the one hand and production and practical application on the other. In the period of the industrial revolution, scientific and technological progress was, more or less, isolated from production, since the degree of intermeshing was relatively weak and remote in time. In addition, there was the fact that the process of scientific and technological advancement, even though relatively concrete, was divorced from society as a whole.

At the present time the situation is quite different. The cycle of science--technology--production--use, constitute a unified system in which the time between discovery and its introduction into production has been reduced significantly. Development in production presents science and technology with not only quite concrete tasks, but also with increasingly broader ones which are becoming more of a strategic nature. This is related to the necessary advance of science over technology and production. For the scientific and technological intelligentsia this creates the need for a more intensive relationship between its endeavor and societal development. Knowledge of the trend in a socialist society in all its fundamental aspects (economic, social class structure, class rapprochement, the political sphere, including worker participation in management, the ideological area and a whole new way of life) requires of members of the intelligentsia a high degree of identification with socialism, its future developmental needs, as well as with the interests of the principal social classes and groupings, notably the workers class.

Realization of scientific and technological progress in conditions of building advanced socialism, not only formulates for the intelligentsia qualitatively new tasks but also offers it enormous opportunities for the application of its creative talents and skills in social practices. This is indeed in its own interest, as well as in the interest of society as a whole. The establishment of harmony between the intelligentsia's new tasks and the conditions for its successful endeavor represents a very complicated process in which many objective and subjective obstacles must be overcome.

Besides the already-mentioned new relationship of science, technology and production, the following tasks and problems come to the fore in the intelligentsia's future endeavor:

-- intensification of cooperation between science and technology, i.e., between scientists and technicians;



-- application of a comprehensive, systemic and inter-discipline approach in the resolution of problems. This assumes cooperation not only among technical specialists but also among experts in the sphere of social sciences;

-- intensification of cooperation between technical and social science intelligentsia and members of the workers class as the principal implementors of scientific and technological progress.

A socialist society objectively creates rather propitious conditions for such cooperation. Its quality and results, however, depend not only on concrete conditions in individual spheres of activity but also on the degree of knowledge of and dedication to this cooperation among members of the individual social classes and groupings.

Scientific and technological advance under socialism demands that those working in these disciplines deal not only with the narrow specialized aspect of their endeavor, but also respect its social, economic and political effects on a given organization, as well as on society as a whole. In this connection, there is an important role for the scientists and technicians in their cooperation with those working in social sciences, in the applied social disciplines, such as economy of labor, management and organization of work, ergonomics, sociology and psychology, as well as those oriented on theoretical spheres of societal development.

A significant part of scientific and technological progress is the resolution of the relationship between the worker and the machine. In a socialist society the worker is considered the most important element in scientific and technological advance. Application of this thesis in practice, however, is very demanding. V.G. Afanasief, well-known Soviet author in the sphere of scientific communism and scientific management of society, stresses that scientific and technological workers have the task of "creating machines which do not repress the worker but rather respond to his or her mental and physical capabilities, thus ensuring the best possible conditions for the work performed.... This is an expression of the effort to combine higher productivity with care for the worker's health and his or her physical and intellectual development."

The real social position and task of the intelligentsia, including its professional and social activity, does not depend merely on objective determination, but also to a great extent on the understanding of its objective role and function, especially its relationship with the other classes and groupings, with all the ensuing consequences. This means, above all, understanding of the social economic and social political aspects of its position and role, especially a correct relationship with the workers class and recognition of its leading role not only in theory but also in practice.

The union of the workers class and the social group of the intelligentsia is not the result of merely the effect of objective legalities nor only a reflection of the fundamental interests of these two groups. In the formulation and strengthening of this union in all its stages, the ideological, political and organizational work of the party always played an important role, both within the workers class and among members of the intelligentsia. Understanding and

promoting the real social position and function of the intelligentsia has been a part of this effort. Among other things, it was necessary to overcome two extreme views. According to the first, the intelligentsia, or at least its part, is considered a social elite which stands above the other classes and groupings, and whose task it is to lead all of society. The other extreme is underestimation of the intelligentsia's role. The tendency to demean the intelligentsia or even an effort to pit the workers class against it, is an expression of misunderstanding of the fundamental interests and tasks of the workers class, thus lack of preconditions necessary for its union with the toher working people, including the intelligentsia.

Future development of socialism requires the strengthening of the leading role of the workers class and its historical role in the concrete conditions of the current developmental stage. The basic impetus for the unity of the workers class and the intelligentsia is the fact that their fundamental interests are the same. Following the abolition of private ownership of the means of production, the intelligentsia had shed its dependence on the bourgeoisie. Nationalization of the means of production created objectively the same relationship to it by both groupings, with the ensuing consequences for the social status and role for the workers class and the intelligentsia.

The problems of workers class and intelligentsia interests have thus far been examined on a rather general plane, we still lack their more detailed elaboration. Yet, it is important that these interest problems concern not only delination of the fundamental interest, but also specific interests and the method and degree of mastering knowledge of these interests from different vantage points in terms of both consumer and co-owner of the means of production, i.e., on the level of labor activity, initiative and responsibility.

The alliance of the workers class with the intelligentsia has a multifaceted character. An important role in it is played by direct and indirect social linkage, transition of some workers to the intelligentsia social group, social origin of students and middle and higher school graduates, etc. Other areas common to both are the ideology of the workers class, scientific world outlook, Marxism-Leninism.

Problems of this alliance must not be limited merely to analysis of general trends, basic elements of a joint position, role and interest of the two. The creation and enhancement of the alliance includes not only the establishment of propitious conditions nationwide, but also resolution of these problems at the level of concrete work sites and individual working class and intelligentsia groupings. Research and answers to these questions encompass various vantage points, from the theoretical to the implemental, and should reveal all the important relationships. We still suffer from weaknesses in this area, in terms of both theory and practice.

Speaking of practical terms, in industrial enterprises and plants, for example, there is a certain underestimation of the work of preproduction components, with a consequent underrating of the technical intelligentsia. There are also some shortcomings in material and moral stimulation. So far, there has been insufficient implementation of party and state resolutions on greater differentiation in rewarding, based on the real contribution of individual employees

and collectives toward advancement of production, science and technology, individual plants themselves, and the interests of society as a whole.

An important role in the enhancement of the alliance between manual workers and the intelligentsia rests on the complex rationalization brigades. This form of strengthening the union makes it possible to intensify cooperation and a joint endeavor of workers, cooperative farmers and the scientific and technological intelligentsia, to overcome parochial sphere, branch and enterprise barriers, thus promoting the unity of the workers class and the intelligentsia. The inclusion of workers collectives in the broader picture of resolving problems in development, production and introduction of new technology into practical use, is a part of this process.

Currently, there are certain shortcomings in the character and degree of correct interpretation of the social position and role of the intelligentsia in the implementation of scientific and technological progress. As noted by J. Obzina, there appear among certain members of the intelligentsia elements of uncertainty on how their conceptual programs, expert advice and proposals will be received. Part of the intelligentsia also fails to promote their ideas in practice with sufficient fervor and emphasis, tending to be deterred by obstacles. The realization of scientific and technological progress, therefore, encompasses both the substantive and social dimensions.

9496/12859

CSO: 2400/112

POLITICS

CZECHOSLOVAKIA

#### EUROPEAN CULTURAL FORUM EVALUATED

Prague TVORBA in Czech 18 Dec 85 p 3

[Article by Ilja Hulinsky: "Reflections on the Budapest Cultural Forum"]

[Excerpts] The Czechoslovak delegation arrived in Budapest with a clear line to make the cultural forum successful so that it contributes to the strengthening of the Helsinki process and its further overall development. Our delegation therefore consistently strove at the cultural forum for a businesslike and constructive dialogue in all sections of its commission (artistic production, dissemination and cooperation in the area of culture) through cooperation in regard to the problems which the participating countries share. It systematically tried to prevent the discussion at the cultural forum from slipping down, in contrast to the Helsinki Final Act, into senseless polemics about the ideological issues which separate the participating countries and on which therefore they cannot reach agreement.

From the very outset of proceedings at the cultural forum two tendencies intertwined perspicuously. On the one hand, there was the tendency to make the cultural forum positively affect the development of overall, mutually advantageous cooperation in Europe and to contribute to mutual understanding. On the other hand, there was the tendency revealing obvious lack of political will to participate in the measures which would promote the process initiated at Helsinki in 1975. In short--the line of supporters of and opponents to the detente. It is characteristic of the discussions at the cultural forum that this line did not represent only the dividing line between the delegations, but it frequently ran within the individual delegations, that it was often possible to trace it even in the speeches of representatives of one and the same delegation.

And it is necessary to state that, despite the rigidly ideological, in fact antagonistic approaches the members of the delegations from the ranks of major personalities of cultural life of their countries let themselves only in exceptional instances to be misused for the indignified attacks on cultural policy of socialist countries and against the very idea of peaceful cooperation of European culture in its entire national diversity and ideological differences. For illustration of the atmosphere at the conference mention should be made of the following incident: A member of one of the largest and least constructive Western delegation looked up the members of the Czechoslovak delegation with the excuse for his speech in which he had repeated the cliché about the

inappropriateness of the socialist state's interference in the artistic production and dissemination of artistic value pointing out that this passage was inserted in his speech by the political advisers of his delegation.

From the proceedings at the cultural forum it was apparent to what extent the realistic forces of all delegations realized their responsibility for the indispensable restoration of the constructive dialogue in all areas of the Helsinki Final Act, for the necessity to fight particularly in the present situation for the return to relaxation of tension. In this respect it is significant that laborious negotiations on the meaningful final document of the cultural forum for whose adoption these forces (and particularly the artists) in all delegations strove ultimately intensified antagonisms between the countries of Western Europe and the United States. Both the existing antagonisms in the questions of cultural policy and questions of approach to the Helsinki process itself in whose preservation the Western Europe is eminently interested. Also from this standpoint it is clear, why the proceedings of the cultural forum were not significantly affected by various attempts of groups of private persons around the so-called antiform which were magnified out of proportion by certain Western media. One could feel too much from their frustrated political ambitions, though disguised as interest in culture; they acted too closely hand in hand with the protagonists of the line of opponents to the relaxation of tension and constructive cooperation of countries with different social systems. They were thus quite apparently in conflict with the spirit which at the cultural forum crystalized in its conclusion: To achieve that also from the cultural forum one could hear the expression of good will--to embark on the road announced in Geneva, to learn to live together.

The cultural forum stimulated an active participation of culture in the Helsinki process. Most of the delegations at the forum consisted of really important representatives of culture and arts. Precisely these representatives in the governmental delegations of Europe's East and West lent the work of the cultural forum its businesslike and constructive character.

The work organ for questions of dramatic arts (theater, music, ballet, folklore, cultural programs on radio and TV) offered, because of the wide range of problems and conceptual content, the opportunity for sharper confrontations of different concepts of the function and position of culture. Nevertheless, a number of problems of development of dramaturgy and cultural exchange were evaluated with great responsibility. The Czechoslovak proposal for greater cooperation within the major European music festivals met with considerable response. Members of the Western delegations expressed very favorable opinions about the contribution of the Karlovy Vary (Carlsbad) festival of TV and film schools. A lively discussion was evoked by the proposals concerning the so-called "free skies" and a joint cultural TV channel transmitted by a satellite. These proposals, however, met with opposition also of smaller West European countries which criticized them from the standpoint of penetration of American culture into Europe and violation of national cultural identity.

In the work section for the area of literature and publishing the discussion was held on a high intellectual level with the concrete proposals for intensified cooperation particularly in the area of translations, joint editions,

prose and poetry and so on. The convincing evidence of the big number of copies of Western authors' works published in the socialist countries, however, was demagogically contradicted by some Western representatives that these works were allegedly published for statistics sake only because they never get to the readers. At the same time they tried to prove that the Western publishing houses could not afford to publish the books of authors from the socialist countries because they were under the pressure of readers' taste. In the course of proceedings disturbed by the negativist attitude of some representatives of the United States and Great Britain, continuous reminders of so-called dissident authors and so on (in this context "arguments" were used about nonpublishing of J. Seifert's works in Czechoslovakia), however, a differentiation took place within the delegations of Western countries. Most of the delegates tried to revert the discussion to the serious topics. Author Gunther Grass expressed fear about the fact that Europe is turning into an arsenal overfilled with nuclear missiles. He proposed to set up in Budapest or Vienna a center for coordination of cooperation and contacts between East and West in the area of culture.

The cultural forum was thus dominated by the tendency for a constructive dialogue, mutual understanding of attitudes and positions, although it was apparent that it would be necessary to do away with bias and preconceived ideas also in the future. Too many Western delegates engaged in polemics not about the real concepts and shortcomings of socialist countries, but rather about their own ideas and illusions about these concepts and shortcomings. The proceedings at the cultural forum, however, made it clear that the road of a constructive dialogue was realistic, that even in the present divided world there was enough intellectual potential which the creators of culture were able to put at the service of rapprochement and understanding among the nations, at the service of strengthening the atmosphere of mutual respect and trust.

The proceedings of the cultural forum have produced a multitude of specific proposals for expanding international cooperation. They pertained to both general and specific problems of various areas of culture including the creation of conditions which will be more favorable for authentic artistic values than for almost mass produced cultural imitations. The proposals of major cultural figures from various countries contained also in this respect valuable suggestions calling for the establishment of a system of protection of cultural values in the areas of music, film, literature and creative arts.

Most of these proposals can be implemented after bilateral or multilateral negotiations although they were not included in the final document of the cultural forum. Moreover, during the concluding intensive negotiations on the potential wording of the final document there was among the delegations absolute agreement that the Budapest forum was a valuable contribution for development of mutual understanding, expansion of international cooperation and cultural exchange, and that the results of its work, including the proposals submitted in accordance with the principles and provisions of the Helsinki Final Act, will be communicated to and taken into account by the next subsequent meeting of states of the Conference on Security and Cooperation in Europe of the Belgrade and Madrid type which will convene in Vienna in fall 1986.

These two ideas among others were included also in the draft of the final report which was submitted in the concluding hours of the conference by the host country--the Hungarian People's Republic.

As to our delegation, it must be pointed out that among more than 115 formal proposals submitted to the cultural forum, 21 were submitted by Czechoslovakia. Among them was also the joint proposal of the CSSR, GDR and USSR which contains an appeal to all artists and cultural workers to help with their creative work to strengthen in the world community the ideas of peace, antimilitarism, social progress, mutual understanding and friendship among the nations. Among them was also the draft of a resolution condemning psychological warfare, dissemination of untruths and lies among the nations.

Attention of the Budapest cultural forum participants was attracted also by our other proposals such as for international conferences on protection of cultural monuments and historical towns, on cooperation in the area of design, on evaluation of experiences with the construction of new art galleries, on long-term loans of exhibit from galleries, on the organization of festivals of young creative artists, on the establishment of a European forum of young music and also the proposals which arose during the comparison of creative results from the area of pantomime or satirical films. With equal response was met also the proposal for intensified exchange of radio plays or protection of children from the effect of films and television shows portraying brutality, violence and pornography. With understanding were met also the proposals for intensified cooperation in publishing the literature for children and young people, for exchange of literary and illustrative materials, mutual joint production in publishing literature and so on.

Despite the fact that due to the negative attitude of several Western delegations (particularly of the United States and Great Britain), agreement could not be reached on the comprehensive final document (and the Romanian delegation did not give its consent to the adoption of a short final report) as a positive result of the cultural forum can be regarded the fact that in the atmosphere of an intensive dialogue its participants were able to search for and indicate the common points of interest important for the development of European culture, and to propose also a number of very specific, often new forms of intensified cooperation in the cultural area among the states--signatories of the Helsinki Final Act. The contribution of the cultural forum lies thus in the fact that, despite encounters of distinct views, it was possible to explore the ways for the restoration of a businesslike and constructive dialogue within the Helsinki process and on its basis.

The cultural forum, however, had one more aspect which was clearly apparent in all its proceedings: consciousness that artists and cultural workers also bear the historic responsibility for peace and progress, for preservation of the cultural heritage of mankind. The actual result of the cultural forum thus points to a more hopeful future which was opened by the historic meeting of the highest representatives of the USSR and United States in Geneva.

10501/12766  
CSO: 2400/141

POLITICS

CZECHOSLOVAKIA

HOUSING SHORTAGE CONTINUES

Prague RUDE PRAVO in Czech 29 Dec 85 p 3

[Article by Marie Konigova: "What Is Talked About"]

[Text] Apartments, apartments, apartments. A magic formula by means of which people were accustomed to evaluating the standard of living. On the other hand, one can often hear that the lack of housing units is a significant factor affecting even the high divorce rate, among other things. It all depends on the persons who are just talking about this subject, such as people who have applied for an apartment; or others who are planning a family and do not want to bring their child into the cramped apartment of their parents; or finally those who justify their family problems by not getting along with their fathers- or mothers-in-law. In any of these cases, however, the final words are: "just to have our own apartment...."

Toward the end of the year the subject of new housing units attracts more attention than ever. Why is that? The answer may lie in the presentation of Miroslav Mrazek, deputy and common correspondent of the Czech National Council Committees at the recent 19th meeting of the highest Board of Representatives in the CSR. He said: "I should mention also the state of fulfilling the plan of complex apartmental housing construction, especially in Prague. At the end of this year's third quarter only 420 units were completed here, which equals barely 5 percent of the annual task." He was quite justified to add that even when it is possible to catch up on many things in the coming period, the quality of work and effectiveness will certainly not benefit from it. He was also right in stating that the mistake lies in an incorrect approach to the way in which the planned tasks are being fulfilled.

Year by year the following situation occurs repeatedly: in the last trimester approximately 90 percent of housing units are waiting to be completed. However, deputy Miroslav Mrazek emphasized the following in his presentation: "Next year this kind of approach will not be possible. It will simply be ruled out by the challenging targets of the next year's state plan and the state budget issuing from it."

However, such was also the spirit in which also deputy Alois Olsan spoke a year ago, as well as deputy Miloslav Storkan and CSR Finance Minister Jaroslav Tlapak 2 years ago, and other deputies before them. In spite of all this the finishing of housing units, except in the north Bohemian kraj, keeps being put off until the last months, weeks and not rarely even days of the year come.



Perhaps it could seem that practically everything is all right. People end up with allocated apartments, after all. Nevertheless, the deputies mentioned another incidental phenomenon of this long-lasting routine as well, namely, the low quality of the completed housing units. Many things left undone, defects, leaks. Exactly according to the old proverb "Haste makes waste." Thus it happens that in some cases it is not always possible to present the housing units to their new users, and the terms of completion are being deferred to the following year. However, this way the construction companies get to be free from any obligation. They have delivered their job, no matter how shabby. And "in time." After all, no state report or statistics cover the fact that sometimes their people do finishing jobs, repairs and improvements even during the whole following year.

Thus nothing else is to be done than to believe that the critical notice presented to deputy Miroslav Mrazek was indeed the last one.

9910/12859

CSO: 2400/143

POLITICS

CZECHOSLOVAKIA

# CONCERN FOR ENVIRONMENT INTENSIFIES

Prague RUDE PRAVO in Czech 19 Nov 85 p 1

[Unattributed editorial]

[Text] In the course of the last three 5-year plans, the level of environmental care has become one of the determining factors in the rising standard of living, but in some areas also one of the constraints in the development of productive forces. Through its economic and social impacts, this problem has affected more and more significantly the opinions of the population and has also become more prominent in interstate relations.

One can say that in both the shaping and protection of the environment we have succeeded in many respects, especially during the years of the Seventh 5-Year Plan. Certain environmental goals spelled out at the 16th Congress, however, will not be met. The efforts to secure these goals were not consistent, nor sufficiently sophisticated.

Today's shaping and protection of the environment cannot be achieved without a sophisticated and well thought-out approach to solving our ecological problems. Such an approach is necessary because of the high degree of economic and social development of our society and the dense population living on our restricted territory with limited natural resources, as well as our need to achieve self-sufficiency in food production. All this should be in harmony with the need to maintain our country's ecological stability.

By and large these, but also a number of other factors, were the rationale for the Principles of State Planning for the Protection of the Environment and the Rational Utilization of Natural Resources. This document, which was recently approved by the federal government, follows in the steps of the plans adopted by the two national governments and is the first sophisticated report related to environmental protection in Czechoslovakia. This document received the full support of the presidium of the CPCZ Central Committee.

The main theses of the principles are based on the fact that care for the environment is one of the basic duties of a socialist country and is an integral part of economic and social development. Also, that each and every organization which in any way affects the environment is fully responsible for rectifying all the damage it causes as well as for effectively disposing of or utilizing waste products.

This suggests, among other things, that in the principles of state planning the meaning of the term "environment" is understood in a broad sense. It also includes the problems of waste disposal, foreign substances, agricultural efforts, and the rational use of natural resources as well as the problems of management, scientific-technical and investment policy, and international cooperation. One can say that we are talking about a systematic understanding of the protection of the environment and natural resources based on the improvement of the weakest links of the mutual relationship between nature and society in the economic, administrative, and political spheres. The goal is a gradual harmonization of the ecological, economic, and social aspects for the creation of healthy conditions for the life and work of our people.

The primary aim of the principles is the limitation of the negative impacts of the production processes vis-a-vis the environment, especially in areas with a high concentration of production and mining activity. Consequently, at the federal level we shall primarily be controlling the effectiveness of the measures to improve the quality of air in the two capitals, in the Podkrusnohorska Basin, and in the Ostrava-Karvina industrial region. This, however, does not mean that the other areas requiring necessary care and attention in this respect will be ignored. Those areas will be the responsibility of the two national governments.

Another priority of state planning, besides limiting industrial effluents, is protection of the purity of underground and surface water, the safeguarding of agricultural land, and the preservation of the nature and beauty of our countryside.

Following the evaluation of the existing situation and in accordance with the possibilities of our economy, the above-mentioned principles create prerequisites for reducing the deterioration of our environment during the Eighth 5-Year Plan. This is also the tenor of the A12 state-targeted program, The Formation and Protection of the Environment. This program deals with the implementation of scientific-technical and investment policy in the area of the environment and encourages research and development and production capabilities affecting the improvement of the natural agents of the environment.

We estimate, based on our economy's potential, that the amount of investments earmarked for solving the ecological problems will be Kcs 17.5 billion during the Eighth 5-Year Plan. This is neither an insignificant amount nor a final figure because funds from other social resources will be directed at improving the environment.

How these funds will be spent in the construction of plants to achieve clean air and water or to use or dispose of waste products will be of utmost importance. We can realistically achieve the goals listed in the state plan only if the ecological investments will not remain at the periphery of interests of the individual ministries, economic production units, enterprises, and national committees.

The state program of ecological investments for the Eighth 5-Year Plan is oriented toward the realization of the most important measures aimed at the

leading sources of water and air pollution as well as waste disposal. The aim of the investments is to improve the situation in the most greatly affected areas. Hence, for the first time the federal government has classified construction projects aiming to protect the environment as priority projects which cannot be substituted by constructions of other types.

The new state plan also spells out a firm principle that anyone who initiates a new investment project is fully responsible for eliminating its future possible negative effects on the environment. Undoubtedly, this will complicate the life of many investors, even those who are in charge of the most important construction projects needed by our national economy.

For a country with high industrial activity such as ours and even more so if its air quality is affected by the consequences of great industrial activity in neighboring countries, there is no other choice than a planned improvement of its environment. No social goal must be implemented if it disturbs the ecological balance. The tasks which the federal government publicly spelled out in the aforementioned document are politically and economically important affecting the further social and economic development of the republic.

1277/12859  
CSO: 2400/83

POLITICS

POLAND

BRIEFS

PRON, CULTURAL COUNCIL CONFER--Jerzy Ozodowski, Sejm vice marshall and vice chairman of the PRON National Council, and Prof. Bogdan Sucholdolski, chairman of the National Council for the Arts discussed forms of cooperation between the PRON National Council and the National Council for the Arts in the development and dissemination of culture, especially the Polish language, on 9 December 1985. [Text] [Warsaw TRYBUNA LUDU in Polish 10 Dec 85 p 2] 13021/12913

HUNGARIAN SOCIAL SECURITY TALKS--In Warsaw, talks between the Social Security Agency and the Hungarian State Social Security Administration concluded with the signing of a cooperative agreement for 1986-88. Ireneusz Sekula, the chairman of the Social Security Agency, and Istvan Bartos, director general of the State Social Security Administration, signed the agreement. [Text] [Warsaw TRYBUNA LUDU in Polish 10 Dec 85 p 2] 13021/12913

KRAKOW FORMS 'ALSO-RAN' CLUB--During a meeting of the Krakow deputies to the Sejm, a proposal was made to form an informal Also-Ran Club to aid the Krakow delegates. The intent is to use the civic experience of the candidates who were not elected. [Text] [Warsaw RZECZPOSPOLITA in Polish 10 Dec 85 p 5] 13021/12913

PRON APPEAL FREES 186 PRISONERS--Continuing their review of cases of persons either accused or convicted for non-criminal offenses, the prosecutors and courts issued another decision concerning the implementation of PRON's humanitarian initiative. As is generally known, PRON appealed for leniency for such persons. As of 9 December 1985 PAP has learned 186 persons, including 22 women had been freed from prison. [Text] [Warsaw ZYCIE WARSZAWY in Polish 10 Dec 85 p 2] 13021/12913

SOCIALIST YOUTH UNION AKTIVS MEET--Three hundred activists of the Union of Socialist Polish Youth from five voivodships are meeting in Spala (Piotrowski Voivodship) for training. They are discussing the most important current tasks of the union and evaluating the implementation of the resolutions of the Fourth Congress of the union. They are also considering the methods and forms of youth participation in the discussion leading up to the 10th Congress of the PZPR. Tadeusz Porebski, member of the Politburo and secretary of the PZPR Central Committee, was the activists' guest. [Text] [Warsaw ZYCIE WARSZAWY in Polish 12 Dec 85 p 2] 13021/12913

ZSL AKTIVS, LECTURERS MEET--A seminar for the central aktiv, lecturers of the ZSL Chief Committee, and the ZSL voivodship committees was held, and Kazimierz Kozuka, member of the Presidium of the ZSL Chief Council, participated. Witold Lipski, a member of the Council of State and editor of "Wies Wspolczesny", delivered a lecture titled "The ZSL in the Interests of the Socialist State, Rural Areas, and Agriculture." [Text] [Warsaw ZYCIE WARSZAWY in Polish 12 Dec 85 p 2] 13021/12913

PRON, KRAKOW STUDENTS MEET--In Kracow-Nowa Huta the students of the Electrical School Group No. 2 met with Jerzy Jaskiernia, general secretary of the PRON National Council and Sejm Deputy. He told the youth about how the Sejm's role and work and mentioned its most important current activities. [Text] [Warsaw ZYCIE WARSZAWY in Polish 12 Dec 85 p 2] 13021/12913

NATIONAL 'ZBoWID' SESSIONS END--ZBoWID's national conference, which included the vice chairmen of the voivodship boards, has ended in Warsaw. During the year, as general Jozef Kaminski president of the national board, noted the union's members participated very actively in the celebrations of the 40th anniversary of the victory over German fascism and Japanese militarism. [Text] [Warsaw ZYCIE WARSZAWY in Polish 12 Dec 85 p 2] 13021/12913

FRG AGRICULTURE TALKS--Juliusz Solecki, PAP's Bonn correspondent, reports: The signing on Wednesday of the document defining the major forms of future cooperation concluded the visit in the FRG of the delegation from the Ministry of Agriculture, Forestry, and Food Industry headed by Minister Stanislaw Zieba. The delegation, here at the invitation Ignaz Kiechle, minister of food, agriculture, and forests for the FRG, held talks with the leadership of this ministry and toured numerous agricultural and scientific facilities and companies that build good processing and plant protection equipment. Minister Zieba was also received by Lothar Spaeth, premier of Baden-Wuerttemberg state. In an interview with PAP, Minister Zieba noted that the results of the visit are indicative of increased cooperation in the food industry and agriculture between the two countries. The details will be settled by the branch working group for agriculture and the food industry which will hold its first meeting in Bonn 17-21 January 1986. [Text] [Warsaw RZECZPOSPOLITA in Polish 12 Dec 85 p 7] 13021/12913

RESERVE OFFICERS MEET--On 12 December a meeting of the aktiv of the Reserve Officers Clubs of the National Defense League of large industrial plants was held in the Railroad Rolling Stock Repair Shops in Ostrow Wielkopolski. The clubs' task discussed at the meeting is to motivate the reserve officers to participate in the strengthening of the national defense. They also emphasized the need to improve the forms and methods of patriotic and defense education of youth. General Tadeusz Szacilo, first deputy chief of the Main Political Directorate of the Polish Army, and representatives of the Socio-Professional Department of the PZPR Central Committee, the National Board of the National Defense League, and the host voivodship participated in the meeting. [Text] [Warsaw TRYBUNA LUDU in Polish 13 Dec 85 p 2] 13021/12913

MILITARY AGRICULTURAL CADRES--On 12 December in Kazun in the Second Warsaw Engineering Brigade ("General Jerzy Bordzilowski Brygade"), a meeting on the 20th anniversary of the beginning of cooperation between the Main Political Directorate of the Polish Army and Agrochem Enterprise in developing cadres for agriculture was held. More than 100,000 soldiers have taken advantage of the opportunity to improve their qualifications during their basic military service. General Albin Zyto, deputy chief of the Main Political Directorate, and representatives of the Ministry of Agriculture, Forestry, and Food Industry, the National Agricultural Workers' Union, Circles, and Agricultural Organizations participated. [Text] [Warsaw TRYBUNA LUDU in Polish 13 Dec 85 p 5] 13021/12913

VILLAGE COOPERATIVE PLENARY SESSION--Service for agriculture and the rural populace by the rural township cooperatives their unions was discussed at the plenary session of the Council of the Central Union of Cooperatives Peasant Mutual Aid on 12 December. The socio-economic plan for 1986 was reviewed. It includes increasing the effectiveness of action, improving the efficiency of sales, improving product quality, and enlivening the socio-educational and educational-cultural activities. [Text] [Warsaw TRYBUNA LUDU in Polish 13 Dec 85 p 5] 13021/12913

FARM WORKERS FEDERATION MEETS--Two years have passed since the first, founding congress of the Federation of Farm Workers' Unions of the PRL. On this anniversary, a plenary session of its national council was held in Warsaw. The activities of the union members in social agriculture and the most important areas of action in the near future were reviewed. During the past 2 years the federation has added 1,335 new affiliates. In June 1985 it organized 2,800 units, and by the end of the year there will be more than 3,000. There are about 500,000 members. During the meeting of the national council, the federation received a flag donated by the affiliates. A large number of members were given state, ministerial, and union awards honoring them for their civic and professional work. Zbigniew Michalek, secretary of the PZPR Central Committee, in congratulating them emphasized that increasing number of state farms, agriculture producer cooperatives, and circle cooperatives deserve to be called efficient and have achieved outstanding economic and production levels. Jozef Koziol, vice chairman of the ZSL Chief Committee participated in the meeting. Nikolai Ryzhykov (member of the Presidium of the Supreme Council of the RSFSR, chairman of the Union of Professional Agricultural Workers of the USSR) and Rene Digne, secretary general of the International Association of Farm, Forestry and Plantation Workers attended the meeting. [Text] [Warsaw ZYCIE WARSZAWY in Polish 13 Dec 85 p 21] 13021/12913

PRON YOUTH FORUM--On 16 December 1985 the 12th Youth Forum will be held at the PRON National Council headquarters (Aleje Ujazdowskie 13). This time, as suggested by the participants in this discussion group, the topic will be "The German Problem in Young Poles' Consciousness." The following people have indicated they will participate in the youth's discussion: Dr. Mieczyslaw F. Rakowski (Sejm vice marshall), Prof. Lech Janicki (assistant director of the Institute of the Western Territories), Edmund Maclewski (chairman of the Main Board of the Wisla-Odra Society and Sejm deputy), and Subcolonel Dr. Marian

Wojtylowicz of the military Political Academy Social Research Institute. As usual Jerzy Jaskiernia, secretary general of the PRON National Council, invites everyone interested to the Youth Forum. The discussion begins at 15:00. [Text] [Warsaw ZYCIE WARSZAWY in Polish 14-15 Dec 85 p 2] 13021/12913

ZSL HOSTS ARGENTINIAN OFFICIAL--On 13 December Sejm Marshall Roman Malinowski, chairman of the ZSL Chief Committee, received Hipolito Solari Yrigoyena, secretary of the ruling UCR party of Argentina, who is visiting Poland at the invitation of the ZSL Chief Committee. R. Malinowski informed the guest about socio-political and economic situation in Poland and the ZSL's role in solving the country's and society's basic problems. The international situation was discussed. In this context Polish-Argentinian relations and prospects for their development were reviewed. The importance of parliamentary contacts for the development of relations was emphasized. Bogdan Krolewski (member of the Presidium), Jan Czaja, secretary of the Foreign Department of the ZSL Chief Committee), and Romuald Poleszczuk (Director of the Sejm Bureau of International Contacts) participated in the discussion. Ambassador Miguel Dias Szelagowski of Argentina was present. [Text] [Warsaw TRYBUNA LUDU in Polish 14-15 Dec 85 p 2] 13021/12913

PRON HOSTS MEDIA REPS--On 13 December at the PRON National Council there was a meeting of radio, television, and press journalists who write about the movement's activities. Jerzy Jaskiernia, secretary general of the National Council, informed them of PRON's new tasks given the changed political conditions and new social needs. Discussion on the movement's program is continuing. The group of specialists has completed work on the report on the state of national consensus in Poland. This problem will be the subject of the plenary session of the National Council in January 1986. [Text] [Warsaw TRYBUNA LUDU in Polish 14-15 Dec 85 p 2] 13021/12913

AMBASSADOR DEPARTS NORTH KOREA--Kim Ir Sen, president of the Korean People's Republic, received Leon Tomaszewski, the departing ambassador. Discussion touched on Polish-Korean cooperation. President Kim Ir Sen regarded highly the results achieved in relations between the countries and expressed the conviction that we shall continue to develop them actively. [Text] [Warsaw TRYBUNA LUDU in Polish 14-15 Dec 85 p 7] 13021/12913

GDR, POLISH TEXTBOOK WRITERS MEET--On 9-13 December in Berlin the 13th conference of the commission of specialists from the PRL and the GDR charged with improving the contents of school history and geography texts met. The meeting was held to exchange information on problems of education in both countries, especially in history and geography and the ideological and educational significance of their effect on young people. [Text] [Warsaw TRYBUNA LUDU in Polish 14-15 Dec 85 p 7] 13021/12913

TECHNICAL ORGANIZATION TALKS--In Gdansk, the meeting of the Main Council of the Chief Technical Organization has ended. Delegates of the 22 technical associations in the federation attended. The meetings primarily evaluated the nation socioeconomic plan for 1986-90 in science and technology. A resolution on federation activities to develop environmental protection and reclamation was also adopted. The Main Council adapted the program of activities for 1986 and the initial program and organizational premises for the 21st Congress of



Polish Technologists to be held in 1987. The Society for Technological Culture, registered in January 1985 and active since April, was made a member extraordinary of the federation. Delegates to the Sejm Socioeconomic Council were elected at the meeting. Prof. Janusz Szosland, chairman of the Main Council, presided. [Text] [Warsaw TRYBUNA LUDU in Polish 16 Dec 85 p 5] 13021/12913

WRITERS UNION LUBLIN MEETING--The meeting of the Lublin Voivodship section of the Union of Polish Writers was held on 14 December in Lublin. It was the first section meeting. Delegates to the national writers congress to be held during the coming year were elected. Tadeusz Jasinski was again elected chairman of the Lublin section's board. [Text] [Warsaw TRYBUNA LUDU in Polish 16 Dec 85 p 5] 13021/12913

EDUCATION MINISTER VISITS CZECHOSLOVAKIA--On 16 December Benon Miskiewicz, minister of science and higher education completed his visit of several days to Czechoslovakia. During his visit B. Miskiewicz informed his hosts about current problems in party work in higher schools and the adaptation of the program for training graduated according to the needs of the national economy. During visits to several higher schools and discussions with Ludovit Pezlar, secretary of the Central Committee of the Slovak Communist Party, and others the results and prospects of cooperation in education between Poland and Czechoslovakia were evaluated, emphasizing the need to it further. On 16 December Benon Miskiewicz was guest at the Higher School for Agriculture in Nitra. [Text] [Warsaw TRYBUNA LUDU in Polish 17 Dec 85 p 7] 13021/12913

AWARD TO BULGARIAN FRIENDSHIP SOCIETY--The Society for Polish-Bulgarian Friendship, which has existed since 15 December 1918, was given the highest Polish award--the Commander of the Order of Merit of the PRL. The society has cultivated knowledge of Poland and deepened sympathy for Poland in Bulgaria. More than 65 years ago it began an intense publishing effort. Thanks to its efforts the first anthology of Polish poetry published abroad was printed. Many prominent politicians and intellectuals, both of earlier periods and of today, have been among the society's meembers. Wladyslaw Napieraj, ambassador of the PRL, handed the high award to Georgiy Stoilov, chairman of the society's executive board, who was accompanied by several officers and outstanding activists of the organization. [Text] [Warsaw TRYBUNA LUDU in Polish 17 Dec 85 p 7] 13021/12913

ACTORS UNION NEW OFFICERS--The official meeting of the Warsaw Section of the Union of Polish Actors to elected new officers was held in Warsaw. The section elected new officers. Wienczyslaw Glinski (the well-known actor) was selected to lead the delegates. Jan Krzyzanowski was elected chairman of the Qualifications Commission. [Text] [Warsaw ZYCIE WARSZAWY in Polish 18 Dec 85 p 2] 13021/12913

CSO: 2600/221

POLITICS

YUGOSLAVIA

CROATIAN ARCHIVIST DISCUSSES WARTIME MATERIAL

Zagreb DANAS in Serbo-Croatian 26 Nov 85 pp 24-26

[Interview by Zeljko Kruselj: "Petar Strcic: Are We Renouncing our History"?]

[Text] We have the history of the Zrinskis and the Frankopans, Viceroy Jelacic, Stjepan Radic, and of their times, but we will not have our own history, of us and of today, because there are no documents at all in the archives on the development of post-war socialist Croatia.

The archives of Croatia have approximately 15 kilometers of shelves loaded with authentic archival documents, in which respect Croatia far exceeds Yugoslav norms. Furthermore, one cannot disregard these archives when trying to explain many historical enigmas of the tempestuous and complex history of Yugoslavia.

In spite of its first-rate scholarly, cultural, administrative, and educational value, this institution which is of special social significance still encounters major space, technical, personnel, and financial difficulties; this is partly known to the public. This was the reason for our talk with Petar Strcic, the director of the Archives of Croatia, who is an expert on the 19th and 20th century history of western Croatia. In a lengthy interview, Strcic touched upon some publicly unavoidable instances of politicization of science, which aim to present our recent history in a negative light. He agrees with his colleagues who maintain that the "flood" of controversial books and theses is always a "cyclical" manifestation during times of crisis and major changes in Yugoslav affairs.

[Question] Comrade Strcic, can you explain to us the situation surrounding the acquisition of archival material? In view of the real opportunities, how well are we able to keep with the developed world?

[Answer] As far as the archival skills and other ancillary historical sciences are concerned, our experts are at the level of their foreign colleagues. What is more, Croatian archivists are among the leading in Yugoslavia, and they are also respected abroad. As far as technical capabilities are concerned, however, we are at the very bottom, not only in the world

but also in Yugoslavia. We are at least several decades behind European countries. While the other republics have, for the most part, normal working conditions, the Archives of Croatia have only some small rooms, for example, for the restoration and conservation work and for the photographic studio. It is only now that a major project for the development of these necessary facilities has been approved. Also, recently we have begun, at our own initiative, to use a portable computer that belongs to one of our workers!

[Question] What about the microfilming of material? Today, this is the most reliable means of preserving and using documents the world over.

[Answer] Even though this is a legal stipulation, the Archives of Croatia have thus far encountered virtually no understanding in their attempts to photograph the documents for security purposes. Still, we have photographed tens of millions of meters of material, but that does not cover everything.

[Question] It is known that the Archives of Croatia have great problems with space as well. What are the long-term prospects in this regard?

[Answer] The Archives of Croatia are probably a unique instance in the entire world of having the central archives of a republic dispersed among eight different locations; now, we are preparing the ninth. What if, during these constant moves, there is a traffic accident and originals of inestimable value catch fire and burn? This material is not only a historical treasure, it is also a real one. In Yugoslavia as well, there is a well developed black market in original documents. Some medieval geographic maps, for example, cost over 100 million old dinars each, and we have eight thousand such maps in the Archives of Croatia! Treasures from our archives would arouse more interest in foreign markets than the Mimara collection would. How much do you think the materials of the Commission on War Crimes would fetch--just to have them destroyed?

During the seventies, our community undertook the obligation to erect a building for the Archives of Croatia, a university library, and museums in Split and Zadar. I do not understand why the museums were given priority. The foundations of the new Croatia are to be found in approximately 30,000 sheets published by the Anti-Fascist Council of National Liberation of Croatia. They are to be found in the Archives of Croatia. They are all printed on poor quality wartime paper. The gold objects in Zadar have lasted a thousand years, as have the stone monuments in Split. They could have waited another ten years. The paper in archives, on the other hand, is falling apart. Why were metal and stone given priority? In short, the issue of a new building for the Archives of Croatia cannot be resolved in the near future because of financial reasons.

[Question] Does this mean that the Archives of Croatia are not accepting documents from the post-war period?

[Answer] They are not accepting them because there is no room. As far as the future is concerned, we will have to be satisfied with what certain republic institutions and organizations are unprofessionally saving in their own Archives. In addition to the Archives of Croatia, the regional archives in Split and Zagreb are in an exceptionally difficult position.

[Question] Does this mean that presently there is no archive where the documents of some important organs of our republic could be preserved and studied?

[Answer] That is what it means, and this is something that is unique in the world. It could happen that we will have no written proof for a good portion of our history. We are trying to change this situation radically, because otherwise crucial parts of the history of our times will be based, for the most part, on press articles, memoirs, etc.

[Question] What would this mean from a scholarly/historical and cultural/educational point of view?

[Answer] It would be a crime toward the Croatian and Serbian nationalities and the national minorities in Croatia. There is no other name for it, because it is a well-known fact that what is not written down or preserved in some other fashion simply does not exist. We have the history of the Zrinskis and the Frankopans, of Viceroy Jelacic, of Stjepan Radic, and of their times. On the other hand, we will not have our own history, of our own times. For the most part, we will depend on memoirs and other types of secondary literature. In other words, there will be no scientifically based history of socialism in Croatia. We do, of course, have an idea where the most important documents are, because we keep track of the owners, but no one can guarantee that the material will not be destroyed.

[Question] Your colleague Vojmir Kljakovic has recently noted that Yugoslav historians have an incredibly passive attitude regarding penetrations by foreign scholars writing about Yugoslav topics, and also regarding statements made by our historians in other countries. How true is that?

[Answer] Not only are the historians passive, but the politicians, who are paid to monitor these things, are also passive. Consequently this is not only a scholarly problem, but above all a political one. For example, our historiography will never write as much about Istria, the Croatian Littoral, and Dalmatia as has been published in Italy, because we do not have as much money. A second problem is the fact that we do not translate even the most important works of our historiography into world languages. On the other hand, look at what the Bulgarians are doing in regard to Macedonia. Not a single important political or scholarly meeting takes place without the world-wide distribution of anti-Macedonian, and therefore also anti-Yugoslav, publications.

[Question] Closely connected with this is also the issue of the teaching of history in the schools and universities. It has been a long time since we have heard a historian voice even partial satisfaction over this.

[Answer] How could he! We are the only sovereign country in the world that permits a negative influence on the formation of the historical awareness of its young people. Such an awareness is developed through a systematic education at home and training provided by the society. Every state on the face of the earth somehow manages to indoctrinate its younger generation. We, on the other hand, permit such indoctrination to be performed chaotically, or even by proven enemies of our society! It is known that the interest in history most frequently manifests itself between the ages of 16 and 20, mostly among the

males of the population. It is especially people of those ages that are taught the least amount of history in the schools. Instead of sound history, we have introduced a Marxist "catechism" which contains some history. Because of its mumbo-jumbo, it is at present the most hated subject in school. There should be a Marxist outlook to all the school subjects, and one should not have to be a "grind" who is interested only in the grade he gets. Darkness is setting in!

[Question] How can one explain and make up for the lack of some primary sources on the wartime period of our history. Recently, the press article which stated that some of the archives from Jasenovac, Kerestinec, Gradiska, etc. were thrown in the garbage dump came as a real shocker.

[Answer] Those were not archives from those death camps. The articles said that because the authors had scant historical knowledge. If by some chance there were archives from Jasenovac, it would be a unique case in the world. Complete archives from a concentration camp were never and nowhere found. On the contrary, everybody involved in mass crimes has tried to destroy such archives, so that there would be no written evidence of the crimes.

What happened? During the cleaning of the attics of two buildings belonging to the Zagreb medical school, approximately 10 glass plates with photographs ended up in the trash. We accepted this material and preserved it. It was immediately assumed that these were depictions of innocent victims. One should know, however, that the Ustasas themselves got even with each other in those camps. The only person in the photographs that we were able to identify was none other than Jurcic, the head of the Ustasa secret police, whose throat was slit after the Vokic-Lorkovic Ustasa putsch against Pavelic was discovered. Jurcic was certainly no innocent victim, which is what a part of the press told the public. In any event, the criminal Jurcic would have been shot after the liberation, as was his successor Lisak. The truth about these pictures was not told even after the case was explained in the Zagreb press and before the Council. On the contrary, a Belgrade newspaper has claimed for the third time that these "archives" were thrown away by the Archives of Croatia! Imagine such a lie: the republic Archives of Croatia throw away evidence of Ustasa crimes during the so-called Independent state of Croatia! It seems that they think that we archivists are insane. I have no other comment for the time being, unless this persistent and repeated peddling of lies is not something more serious, such as a deliberate attempt to incite the public ...

[Question] Still, do these plates have any historical significance?

[Answer] Of course they do, but certainly not for the preservation of revolutionary traditions; at least, not those bearing the likeness of the criminal Jurcic.

[Question] How do you explain the polemics of many years duration and the excitement especially in regard to the problems of the historical interpretation of Jasenovac and Kerestinec?

[Answer] Regarding Jasenovac, it is clear that the desire is to incite chauvinistic hatred, and there is no concern for the victims. For your

information, I am an islander from Krk, and my feet are firmly planted on the ground. For that reason, my old proposal is a practical one. Why should not there be, in the area of Jasenovac, excavations done as part of youth work actions, including primarily medical and dental students from all of Yugoslavia? Bones and teeth do not decay, and thus it would be possible to arrive at a more accurate estimate of the number of victims. Judging from the most recent findings, the approximate number could be larger than that established by the official commission after the war. And before the war, who bothered, for example, to count all our Romes, for example?

The Kerestinec situation is somewhat different. Here, certain individuals are creating confusion because their consciences bother them. It is clear that some of them have failed, and the result is the destruction of a major portion of Croatia's intellectual patrimony. Tragedies like the one in Kerestinec, however, also happened elsewhere.

The case of Kerestinec is constantly being dragged out, because it deals with certain relations, as for example with the Komintern, and for that reason the problems are deliberately being exaggerated. Since similar doubts regarding the Party and the revolution in Croatia appear on a cyclical basis, one is forced to ask himself whether someone from the outside is directing all the confusion?

[Question] This brings us to the relationship between science and politics. It is certainly indisputable that politics is somehow interested in participating in the resolution of certain historical questions having a broad social significance.

[Answer] Here, one could paraphrase the idea that history is in reality the servant of politics. This is true of the totalitarian regimes. In Yugoslavia, however, this could not be the case. After the war, we had so many powerful historians who would not have permitted this. Who could force people like Grga Novak, Dragoslav Jankovic, Jaroslav Sidak, or Bogo Grafenauer to write against their convictions? It would be absurd even to consider this. We were fortunate because that old, honorable generation was strong, and it acquired a world-wide reputation and established the foundations of our historiography.

Today, there is no Yugoslav historian who is recognized as an authority worldwide. The problem has arisen with the second generation of historians, the group between the ages of 40 or 50 to which I too belong; we are used to the telephone, the television, the refrigerator, central heating, the automobile, and other blessings and "values" of the contemporary standard of living. Because of personal comfort, some of us are following the line of least resistance, and creating confusion in historiography. Most of them are doing this for financial, not political reasons. A book which "exposes" something, "pokes around" the entrails of the revolution, and causes condemnations and polemics is many times "profitable" than one which discusses the same problems in a calm and well documented manner.

There is something else here. On certain occasions, historians can help the politicians. On the other hand, leaving aside the matter of ensuring financial rewards, politicians really cannot help the historians. The events

surrounding Djuretic's book prove that historians can help politicians a great deal. Even though that book scandalized the public and provoked the sharpest possible political condemnations, the historians are being very slow and coy about reviewing Djuretic's book in a negative light. Why? Certainly not because they support the rehabilitation of the Cetniks. This is certainly more than anything a matter of abusing the historian's profession. The historians had nothing to do with this. In other words, eminent scholars did not approve Djuretic's and similar books. Now, they are expected to deal energetically with other people's omissions which are mostly political in nature.

[Question] Speaking of historiographic enigmas, are there items in the Archives of Croatia that are not accessible to the eye of the historian, for either political or technical reasons?

[Answer] There are not. And why should there be? In accordance with the law, as director I refuse to grant access to the material only if I establish that the person requesting it is mentally disturbed. Furthermore, when I ask people why they are requesting certain documents, mostly from the time of war, I discover more and more frequently that they intend to do harm to somebody by distorting the contents of the documents. In such cases, I direct the person in question to the appeals process. It is interesting that thus far none of these "questionable" inquirers has filed an appeal.

[Question] Do the controversial books, to so-called "quarrel books," prove or disprove the existence of tabu topics in our recent history?

[Answer] These books only prove that their authors are not capable of being scholarly historians. When they are unable to solve a problem, they say that they are not allowed to write about it, or that they could not obtain the documents from the archives. I have personally ascertained that some, who had claimed not to have been able to obtain the material, had never requested it. This is easy to verify, because all users are required to sign the register, and there are no exceptions to this. These same so-called historians are saying that they were able to get all the more recent documents from English, German, or other foreign archives. It is natural that they were able to obtain information on Yugoslavia or, for that matter, on the Ivory Coast. Why should foreign archivists be concerned about this? Our "scholars," however, would have encountered quite a wall had they tried to obtain recent documents dealing with the country whose archives they were in.

[Question] How do you explain the fact that the present and the future of our society are nowadays viewed primarily through the past, in which is found "the root of all evil"?

[Answer] As far as human mentality is concerned, the times have not changed since antiquity. When the Roman empire was in a crisis, gladiator games were organized. The saying "bread and games" has remained valid to this day. In our crisis situations, we have pleasant events like Lepa Brena or unpleasant ones like Zjajo. There certainly are serious reasons. In a short period of time, everything imaginable has befallen Yugoslavia. First of all, we were hit with a major economic crisis, caused not only by the multinational companies but also by our own stupidity. Secondly, in a very short period of time persons who had achieved a great deal left the scene; they had been

instrumental in creating a long, peaceful period after the war, and we had behaved as if they would be around forever, and we would just have to enjoy things. In short, we did not assume in time the responsibility for our own development. I also believe that certain foreign interests have woven their webs around us, and individuals not favorable to us have begun to make themselves heard. Some are like Dedić, and are doing this for their own personal reasons, others, like Terzić, because of wounded vanity, while others still, like Kopinik, in order to pacify their own consciences. Also, some remnants of our enemies are clearly still around.

[Question] What, then, was the "scenario" of the introduction of confusion and "bad feelings" into our historiography?

[Answer] The present trends have begun as early as 20 years ago. They began by striking against relations between the nationalities, which is the easiest; Serbs against Croats, Serbs against Albanians. In Serbia, the first to raise suspicions against certain nationalities and national minorities was Terzić; in Croatia it was Tudić; and in Kosovo, Ali Hadri. This is roughly how it began. It was followed by Dedić's attack against the very head of our community, Comrade Tito; naturally, Dedić did this after Tito was gone. Then came Kopinik's attack against Koncar and others. We historians reacted sharply and en masse, but the books had appeared. There has also been an uncritical attempt to publish the work of the reactionary historian Slobodan Jovanović, who, among other things, has been sentenced by a Yugoslav court. That was the purpose of Djurić's book and of Petrović's article in Književna Novina. This was not enough, and the statement was made that foreign Hungarian fascist occupiers had played a positive role in Yugoslavia. Bela Teleki was the one to make this claim. This is almost the limit. And what will be the limit? In all probability, it will be the discovery that in reality, Germany had not occupied Yugoslavia. This is the only thing left to do to finally close the "black ring."

9110/0312

CSO: 2800/136



SCIENCE AND TECHNOLOGY

CZECHOSLOVAKIA

#### DELIVERIES OF EC 1026 COMPUTERS DISCUSSED

Prague VYBER INFORMACI in Czech No 3, 1985 pp 291-296

[Article by Bohumil Kubik, Office Equipment, Prague: "Deliveries of EC 1026 Computers"]

[Text] The EC 1026 computer system is a modernized version of the EC 1025 which has been in production since 1981. Because both systems have been described in the professional literature, we will refer only to their basic parameters and will focus instead on the problems experienced with the completion of peripheral devices, particularly disk storage units and terminals, i.e., equipment which is a limiting factor when the effective utilization of these systems is needed.

Both computers were developed by the Research Institute for Mathematical Machines in Prague, and they are a logical follow-up to the earlier EC 1021 system. They differ from it by belonging to the JSEP (Uniform System of Electronic Computers) Phase II type, having multiprogram capability, and having a 512 kB working memory with the ability to reach virtual addresses totaling up to 16 MB for each user. Their modular structure makes it possible to directly connect internal memories to the modules and transfer channels. The maximum capacity of internal disk storage is 400 MB. The communications module makes it possible to connect up to 16 synchronous lines, which allows for local and long-distance communications via alphanumeric terminals with other computers. Both types are supported by a highly effective disk-oriented DOS-3/EC operating system. These technical and program features make these computers suitable mainly for the automated control systems of enterprises and smaller economic production units.

The differences between the EC 1025 and EC 1026 lie mainly in the higher operating speed, energy efficiency and greater reliability of the working memory. It must be noted, however, that gradual innovation was such that the parameters characteristic of the new system were already present in all the EC 1025 computers since v.r. [possibly manufacturing year] 013.

#### Completion of the EC 1026 system by peripheral devices

In view of the need for impartial responsibility for the functional and operational reliability of an entire system, the principle of completion by the manufacturer is one that has always been maintained. These regulations,

together with full functional delivery of the entire computer unit before it actually left the manufacturing plant, meant that supply and service organizations, as well as final users, could have a basic certainty that the equipment would operate properly because everything delivered had been functionally tested in its full computer configuration, up to and including the version of the basic programs.

For various reasons, however, it has recently been necessary to reassess these views and in some cases to deal with the completion of systems in a different manner. So far, this has been the case mostly for the magnetic disk storage units from Bulgaria, for terminal systems, and to some extent for EC 7039 printers.

### Internal Memories

#### 100 MB disk storage units

Except for a working model and two prototypes, the EC 1025/26 computers were completed by adding Bulgarian large capacity EC 5066 disk subsystems which were delivered in the following configuration: the EC 5667 control electronic recorder with two EC 5067.02 disk drives. Each EC 5067.02 unit contained two independent spindles for compiling 100 MB disk sets. The basic disadvantage of these memories was their low degree of operational reliability, manifested by frequent failures during which one or more floating heads and the established media were destroyed.

Despite these repeated disadvantages, it was necessary to continue to use these storage devices even though the disk module of the EC 1025/26 computers makes it technically feasible to attach other disk units, such as the American Memorex drive, used by the aforementioned prototypes and the working model, or the Soviet EC 5066 100 MB units. The completion of our manufacturing products by memories imported from NSZ [possibly nonsocialist countries] was not possible. Consideration was given to the use of the Soviet EC 5066, but that created too many problems, mainly because of the ongoing shortage of these memories on the domestic market. In the USSR, most of the production is intended for the completion of the EC 1045 computers, which are intended for the export market, while units for domestic sale use drive units imported from Bulgaria. Even a more rapid completion of the development and initial manufacturing of the Czechoslovak A 4080 100 MB disk storage units manufactured by the Aritma enterprise would be no instant solution, however, because even here we encounter a number of problems, mostly with the effort to manufacture heads.

Therefore, the only possible solution was to rapidly determine the main possible causes of the unreliability of the Bulgarian drives, hold meetings with representatives of the manufacturing plant in Stara Zagora, and exert pressure on the Bulgarian supplier to gradually eliminate these deficiencies. For this reason, two independent expert evaluations were conducted, one at the VUMS [Research Institute for Mathematical Machines] in Prague and the other at the Construction Department of the CVUT [Czech Technical University], using other specialized centers within the CVUT framework.

After several meetings, the Bulgarian manufacturer took certain steps to improve the operation of the disk storage units:

- improvement of the control of the servosystem by making changes in plates 14 and 27;
- changes in the closing system of the top lid;
- increasing the density of the filters, which results inter alia in higher subpressure;
- a new brake system for the spindles was introduced, using eddy currents;
- extension of the startup procedure and improvement of output control.

These changes, in conjunction with regular checking of the environmental parameters, gasket condition, measuring the subpressure, and cleaning and testing the disk sets, will significantly increase the reliability of this system.

It is therefore necessary to count on future deliveries of the EC 5067.02 disk drive units from Bulgaria.

In order to increase production capabilities by doubling some equipment, since 1985 we have been ensuring the deliveries of individual EC 5067.02 units. A new aspect of the EC 1025/26 is the ability to increase the capacity of disk storage to up to a total of 800 MB on the basis of the upgraded design by engineer Helena Kvasilova of VUMS (Research Institute for Mathematical Machines) in Prague.

#### 29 MB disk storage units

The EC 5061 29 MB disks from Bulgaria can be attached to the computer using the electronics of a disk module. This arrangement is already set up in the cables and it can be achieved by fitting 11 boards which can be ordered as a "bloc for extending the DSK module" for the purpose of attaching small disks. The delivery lag is approximately 15 months from the time of an order placed by the 31st of December. The disk units are delivered in 3-piece sets and a maximum of six units can be attached.

#### Tape memory

Ever since the manufacture of the EC 1025/26 began, the EC 5004 156 kB magnetic disk memories with double-density recording, manufactured by the Tesla Concern in Pardubice, have been available. The deliveries of EC 5004 can be counted on for the EC 1027 computer as well. The reliability of these storage devices, according to Tesla Pardubice, lies within the 500-hour average time confidence limit between failures. In recent years, the manufacturer has met all demand, and this trend is expected to continue.

## Input and Output Devices

Peripheral input and output devices are usually attached using a standard interface of the JSEP type (uniform system of electronic computers) to the multiplex module (byte-multiplex channel). Altogether, a maximum of 10 control units can be attached. The exception to this is the console equipment, which can be attached to the service module. How easily obtainable these peripheral equipments are is shown in Table 1, which represents a realistic configuration of the EC 1026 computer at present.

The range of available peripherals has not changed for quite some time. One noteworthy development is the ending of the manufacture of the EC 6016 punch-card collector, and its replacement by a small reader, the EC 6012. This represents an acceleration of the move away from using the punchcard as a major data medium to the more modern data base using floppy disks. The EC 7902 punchcard unit is a similar case; its manufacturer has already announced the end of production in 1985. Another new development in this area is the EC 7240 type electrostatic speed printer being prepared for manufacture by the ZPA Kosire [Plant for Industrial Automation] enterprise, Jinonice branch. The printer is supposed to have 160 characters per line, 1,000 lines per minute speed, measures 700 x 540 x 325 [mm?], and weighs 75 kilograms. The output medium is dielectric paper P54/83. The preliminary price is Kcs 250,000 and the printer will be available by 1987.

## Data Transfer Equipment

For data transfer, the EC 1025 and EC 1026 computers are equipped with a communications module (KOM) which serves as a multiplexer for data transfer. KOM has 16 synchronous lines to which equipment can be attached by means of modems. The data transfer is synchronous in the BSC protocol. The transfer codes are KOI 7, ASCII, DKOI. The transfer speed of all simultaneously working KOM lines can be a maximum of 96 kbits/sec. In some cases it is possible to do a so-called null modem connection to the terminal (EC 7915) using a special cable. The terminal must have the requisite synchronization frequency for this transfer. The speed here is limited by the maximum transfer speed of the KOM line and the length of the cable used. Considering the availability and quality of communications lines, a transfer speed of 1200 baud is most commonly used. For a local data transfer up to a maximum of 1,200 meters, it is possible to use the multiplex module, to which a control unit of the EC 7920-01 local terminal subsystem can be attached.

End equipment attachable to the KOM EC 1026

The technical means of the terminal systems basically make it possible for a larger number of operators to work with the computer at the installation site as well as at more remote work stations. Generally, these systems can be used for collection and processing of data, for conversation with the computer using the question and answer system, or as adjoining operator working station. Most of the end equipment available in Czechoslovakia is subsystems of the EC 7920 type terminal system. The following is available for the EC 1025 and EC 1026 computers:

- EC 7920-01, a local group subsystem;
- EC 7920-11, a remote group subsystem;
- EC 7920-21, an independent remote subsystem;
- EC 7915, an independent remote subsystem.

#### The EC 7920-01 local group subsystem

The subsystem is made up of the EC 7922-01 control unit, EC 7927-01 screen displays, EC 0101-1 keyboards, light pens and EC 7934-01 dot matrix printers.

The subsystem, imported from the USSR, has the basic configuration of one EC 7922-01, four EC 7927-01s, four EC 0101-1s, and two EC 7934-01s; the RJ EC 7922-01 is connected to the multiplex module (MEX) and is capable of a transfer speed of 200 kB/s.

#### The EC 7920-11 remote group subsystem

The technical parameters of this subsystem are identical to those of the EC 7920-01 subsystem. The only exception is a control unit labeled in the 7920-11 subsystem as the EC 7921-01.

The control unit can be attached to the KOM via modems and commuted or fixed telephone lines and is capable of a transfer speed of 4800 kbits/second. This subsystem is also imported from the USSR, for the most part with the EC 1045 computer configuration. Last year it was delivered to several users of the EC 1026 and, because of unsolved problems with the differences between the OS-6 and DOS-3 operating systems, further imports for EC 1025/26 computers were halted. However, imports should resume in 1986.

#### The EC 7920-21 independent remote subsystem

This subsystem consists of EC 7925-01 screen displays with control electronics, EC 0101-1-04 keyboards, and possibly EC 7934-02 printers. It is connected to the KOM via a synchronous modem and telecommunications line. The transfer speed is dependent mainly on the quality of the line used and, under ideal conditions, it reaches 9600 baud. As of yet, the equipment has not been manufactured in volume because of the shortage of production capacities, but working models have been run in national and international testing of the EC 1027 computer. This subsystem is replaced by importation of the EC 7915.

#### The EC 7915 independent remote subsystem

This subsystem consists of a screen display with a microprocessor based keyboard, and the DZM 180 printer or ROBOTRON 5211 printer can be attached to it. It is imported from Poland under the name META 7950. It is attached to the computer using modems with the CCIT V.24 interface for long-distance transfer or via a null modem using a multiwire cable for local applications. The maximum tested distance for the local transfer using null modem communication to

the KOM is 1,300 meters at a speed of 9600 baud. In 1984, users of EC 1025s received 100 units of these terminals without printers. In 1985, deliveries of terminals with printers, and of printers only for the previously delivered terminals, are being considered.

#### Equipment for emulation of terminal subsystems

To cope with the difficulty of satisfying users' needs by imports of terminal subsystems, emulations of the EC 7920-11 or EC 7920-21 subsystems by the SMEP computer and PE 7920 program are being prepared. In this case, the SMEP computer functions as the control unit of the terminal subsystem, having the same technical functions, and it behaves outwardly as a dumb terminal. The advantage of this solution lies mainly in the replacement of the EC 7927 and CM 7202 displays, which are difficult to obtain. The disadvantage is that the emulator cannot replace all the functions of the terminal subsystem even though the collection and preprocessing of data, writing of programs and conversation are possible. A further disadvantage is the difficulty in obtaining the EC 7202 display.

In the course of the international testing of the EC 1027 computer, there was an unofficial exhibition of communications between EC 1027 and an emulated EC 7920 system on the basis of the ADT 4500.1/2. The availability of this equipment is assumed by 1986-87.

#### Additional Prepared or Available End Equipment

##### EC 8576 communications terminal

This terminal is the top line model for devices for data collection onto a floppy disk. Data is input using keyboards and optical controls on the displays. The recording on the floppy disks can also be checked by a program. The terminal has a memory of 32 kB or 48 kB and the C 2111.01 printer.

In a data preparation system, this terminal has the function of the C 2712 nonportable workstation with printer. In the free program system, it makes it possible to introduce a translator and a translation with error indication. The finished program or data can be transferred using MDS 1200 S2 modems and telephone lines, at a speed of 1200 or 600 baud. The transfer is of the synchronous semiduplex type. A limited number of EC 9114s is ensured for the completion of EC 1026 computers in 1985.

##### IT 10 smart terminal

This unit consists of the portable M3T 300.1 computer, to which, using adapters, the basic peripherals can be attached. Data transfer using modems and telephone lines in the BSC protocol to the EC 1025 through EC 1027 computers is supported by the KOKUO conversation communication program.

Basic parameters:

- 16-bit microprogram processor
- working memory of 24 kbytes
- display unit with 256 characters
- contactless keyboard
- magnetic card memory (1 card 2 x 512 kbytes).

Changeable adapters:

- DP FS 1503 or FS 751 A/M reader
- DP DT 105.S or R 1215 puncher
- DZM 180 or C 2111 printers
- M3T memory with flexible disk
- IMS 2 collectors
- synchronous or asynchronous data transfer on the CCITT V.24 or IRPS interface
- time generator.

Availability: Immediate deliveries.

IT 20 (M3T 320) smart terminal

Functionally connects to the IT 10.

Preliminary technical parameters:

- 16-bit microprogram controlled processor
- system of instructions similar to the ADT line
- working memory of 64kB, EPROM 64 kB
- display unit for 1,920 characters
- contactless keyboard
- cassette tape memory of 150 kB per cassette.

Changeable adapters make it possible to connect the peripherals of the IT 10 system and the R 1152, 1156, 1157 printers, the CM 7202 display and the BAK 5 T recorder.

Deliveries of this terminal are expected to begin in 1986.

Table 1

JSEP type	Name of equipment	Attached to	Availability	Maximum attached
79Mi	Alphanumeric operator display	SRM	Mandatory equipment	1
EC 7934	Console dot printer	SRM	Mandatory equipment	1
EC 0101	Contactless keyboard	SRM	Mandatory equipment	1
EC 5074	Floppy disk drive	SRM	Mandatory equipment	2
EC 6112	Portable card reader	SRM	Good	1
EC 5075	Disk input/output unit	MPX	Good	n
EC 7092	Punchcard unit	MPX	15 months	n
EC 7039	Chain line printer	MPX	Limited. Maximum of 2 computer units +++	n
EC 7054 M	Drawing table	MPX	Very limited	n
EC 5667	Electronics for control of recording	DSK	Mandatory equipment. 1 unit	1
EC 5067.02	Disk memory 2x100 MB	EC 5667	Mandatory equipment. 2 units. +	2
EC 5061	Disk memory 1x29 MB	DSK	15 months	6
EC 5004	Tape memory	PSK	Good	6
EC 7915	Alphanumeric terminal	KOM	15 months ++	N
EC 7920.01	Local terminal sub-system	MPX	15 months ++	n
EC 7920-11	Remote terminal sub-system	KOM	15 months ++	N

+ For deliveries, delivery time is a minimum of 15 months.

n Up to 10 control units for MPX.

++ Delivery possibilities are limited and are dependent on import quotas in individual years.

N Depends on number of synchronous lines of KOM.

+++ Beginning in 1985, the EC 7039 printers will be replaced by the EC 7033 printers from Poland.

12993/12859

CSO: 2402/3



SCIENCE AND TECHNOLOGY

CZECHOSLOVAKIA

#### LONG-TERM ELECTRONIZATION VIEWED

Prague VYBER INFORMACI in Czech No 3, 1985 pp 309-313

[Text] In Resolutions Nos 3/1983 and 32/1984 of the Presidium of the Czechoslovak Government, it was decided to set up a national program of electronization of the Czechoslovak national economy. The program was based on sectoral electronization projects for six selected key sectors (Federal Ministry of Metallurgy and Heavy Machine Industries, Federal Ministry of General Machine Industries, Federal Ministry of Electrotechnical Industry, Federal Ministry of Communications, Federal Ministry of Transportation and Federal Ministry of Agriculture and Nutrition). The program includes the material and technical efforts to ensure not only the development of electronization, but also its application, during the years of the Eighth and Ninth Five-Year Plans (1986-1995). The implications of this program are reflected in State Goal Programs (SCPs), particularly A 07, Material and Technical Basis for Electronization, and A 08, Prevailing Applications of Electronics. At the present time, this complex long-term electronization program is already being moved forward on the basis of Decision No 253/1984 of the Government of the CSSR, mainly by the fulfillment of the tasis of both of the above-stated State Goal Programs.

#### Material and Technical Basis for Electronization

This State Goal Program is composed of two main parts (subprograms): the first covers the spare parts base and technological equipment (subject 372, semi-conducting components; subject 373, microelectronic integrated circuits; and part of subject 516, a special equipment for electronics) and the second consists of technical means for control and automation (subject 403, equipment for data processing; and subject 405, equipment for automated regulation and control).

Inclusion of these subjects into the new A 07 State Goal Program (SCP) is supported by the experiences gained in the course of fulfilling the State Goal Program during the years of the Seventh 5-Year Plan. The targeted production volume of the electrotechnical industry will be achieved in full when this industry will, during the Eighth 5-Year Plan, be developing as proposed in the approach for this area, i.e., Federal Ministry of Electrotechnical industry. This is also true as regards the other fields and manufacturing areas, such as high efficiency converters, pneumatic components, special electric drives, equipment for information transfer, cables and conductors. The main goals and intentions of the new approach under this State Goal Program are as follows:

- to better meet the needs of the national economy by making structural changes within the Czechoslovak electrotechnical industry and by further extending international cooperation with the USSR and other countries in the Council for Mutual Economic Assistance;
- to better the usable value of products, and to improve the evaluation of raw materials and energy needed for their manufacture, particularly by speeding up technical innovations;
- to increase work productivity by a factor of about 3 by 1995 in the area of electrotechnology, mostly by significantly increasing current manufacturing capacities and volumes for one-purpose technical equipment (to 10 to 15 times the present levels);
- during the years of the Eighth 5-Year Plan, to achieve a significant decrease in prices of mostly electronic parts, to a third of the 1983 level, and thereby significantly reduce the prices of final electronic products.

The demands placed on technical development in the electronic fields result from the need to innovate a broad range of parts; within the 3- to 5-year cycle of innovations, this demands that several thousand production and technological tasks find solutions. It is largely a question of developing micro-electronic components with a high degree of integration, of developments in progressive technology and selected technological equipment, significantly increasing work productivity in the production and testing of working parts, and increasing their reliability and service life. Complex computer technology will be used in designing, manufacturing and testing new semiconducting parts. The key technologies are the following:

- isoplanary and  $I^3L$  in the area of bipolar integrated circuits;
- the CMOS, HMOS II and NMOS technologies for unipolar circuits with high integration density;
- integrated circuits using gallium arsenide;
- working parts of optico-electric transmission systems.

Successful results lie within reach of the researchers working for the Tesla Electronic Parts Enterprise in Roznov, the A.S. Popov Institute Tesla VUST [Research Institute for Communications Technology] in Prague, and the VUMA Research-Production unit in Nove Mesto nad Vahom. Their work concerns mainly automation for the assembly of electrotechnical products, measuring and testing technology, research and development of laser technology equipment, and industrial lasers for use in microelectronics.

The second part of the A 07 Goal Program is made up of technical means for control and automation, an area where the prospective product range continues to be based on the nomenclature equipment for the JSEP (Basic Electronic Computer System) and SMEP (Small Electronic Computer System). In the category of

medium and large computer systems, the EC 1027 system will be supplied and developed in the following manner:

System	EC 1027-4	EC 1027-8	EC 1027-12
Initial year of production	1985	1985	1988
Working memory in MB	2	2-4	4-16
Speed (thousand operations per second)	350-400	700-800	1600

In the category of minicomputer systems, the SM 52 system will be supplied and developed as follows:

System	SM 52/11	SM 52/12
Byte length (bits)	16	32
Working memory (MB)	0.256-2	2
Speed (thousand operations per second)	700	1300

The SM 50 microcomputer systems are being developed in an 8-bit version (on the basis of the equivalent of the INTEL 8080) and in a 16-bit version (on the basis of the INTEL 8086). When needed for quicker and more efficient applications, these will be carried out on the basis of two to four-bit cross-sections with the equivalent of the INTEL 3000 and AMD 2900 microprocessors. A uniform base for microprocessor parts makes it possible to use common program equipment. In developing these microcomputer systems, there will be space left for the user so that they can be improved upon, as users will have at their disposal all that is needed--technical means as well as developmental systems--for program writing, as well as microprocessors.

The development of the production of peripheral equipment focuses on the complex program of internal magnetic storage, the screen program including graphic terminals, as well as printing devices (chain, electrostatic and dot matrix) and the equipment for graphic input and output, digitizers, digigraphs, tabloids and graphics stations.

The main goal for further development of basic and functional program equipment is to decrease the distance between the computer system and its user in such a way that the user can utilize the system without having to go through the specialized programmer. That will decrease the demands on the compiling of data and will slow down the growth of the number of specialists operating the computer systems.

In the case of control and automation technology, research, development and production will be focused on means for obtaining information from the control center (readers for industrial operation facilities, sensors and readers for

heat pumps). There will also be a focus on means for processing and storing information and on the connection between the control center and the operator. It will involve the entire network of transfers of input and output signals for centralized systems as well as decentralized systems, but also systems for laboratory, telemetric, and telemechanical uses. Also covered are systems with increased reliability, such as communications and control units with reserves, a chosing unit with autodiagnosis, microcomputer control and regulation units, industrial transmission collecting units for decentralized control systems having a hierarchical structure, spark safety systems, systems for the utilization of information that would affect the controlled unit, as well as rotary, lever and draw power drives based on the new power drive and power drives used in robotics up to the efficiency of 300 watts.

The control systems for production machines will be made uniform in terms of size as well as function while improving them technically, making it possible to successfully export machines and equipment. This will entail the development of a basic generation of microelectronic systems for the control of other types of machines, as well as making structure and systems uniform while utilizing domestic materials and components (including imports from member countries of the Council for Mutual Economic Assistance), which would make the process of manufacturing control systems as well as machines and equipment in the final manufacturing process more economical.

Within the framework of this State Goal Program (A 07), suggestions based on the tasks of the State Plan for Technical Development have already been prepared.

Let us highlight the main ones:

Prospective higher generation computer system research (third generation interactive systems, SMEP computer systems, hierarchical control systems, and distributed systems for the control of technological processes).

Development of components of the JSEP multiprocessor computer system (basic elements and junctions based on block fields, new peripheral equipment which can be used for present as well as new computer systems, as well as a universal DOS 5/EC operating system with a transfer possibility to the higher OS/EC systems).

Development of the JSEP multiprocessor computer system (with the efficiency of 2.5 Mbyte/s, block fields type).

Automation of projection and construction works (a complex of methods and devices for the automation of projection as it relates to the production process, functionally structured distribution systems with an emphasis on interactive graphics using Czechoslovak parts and production bases).

Automation mechanisms for ASRTP [ASR = automated control system] (this involves the design of control systems, technology and construction, means for obtaining information, means for processing information and the connection of the operator with the process and the system, as well as the means for utilization of the information and application methods).

Development of modules for technology automation systems (technological, assembly and testing modules which would increase productivity by at least 50 percent).

Technology for training facilities for the VVER 1000 MW nuclear power plants (here, the importance lies not just in the training facility itself, but in how well the facility is equipped in terms of programs for the training of personnel working in the first Czechoslovak 1000 MW nuclear power plant in Temelin).

Research and development of control systems for manufacturing machines (improving the technological standard of the systems for machine tool units and other machines and equipment, their system unification, placing special importance on savings of foreign exchange, savings of material, energy and labor, while increasing work productivity. Simultaneously with the solving of these tasks of the State Plan for Technical Development, those groups of products and technological equipment which leave no room for modern microprocessor technology should be gradually phased out. Groups in which the opposite is true will be used in the development of fields which are contained in the A 07 state program).

#### Pioneer Application of Electronics

This State Goal Program is the result of a long-term complex program of electrification of the Czechoslovak national economy, and is divided into seven pioneering application areas.

1. Control of technological production processes (continuous and interrupted): ability for control modification, the development of control algorithms, a component of operation systems and hardware structures, easy upgrade to higher control systems, the increase of the ability to transfer the application program equipment to other control systems. By 1990, individual areas are supposed to be finished with 2,490 systems.

In addition to the development in significant individual fields of machine and metallurgy production, the control system for mining transportation in the Darkov mine, the safety control for a nuclear power plant, a gas works system, a farm for second generation milk cows with an automated control of technological lines, automated data collection and processing using a computer, dispatching equipment in the construction industry, systems for the control and regulation of growth conditions for timber in the timber industry, hydrometeorology and water purification, the control of hydrothermic processes in the chemical and consumer industry, and the control of the manufacture of chemical fibers using the newly developed technologies, are among the more interesting control systems.

2. The control of nonmanufacturing processes in individual nonmanufacturing fields should by 1990 include 2,890 systems. Here we are talking about the systems for the automated control of trains, the automation of grade crossings, railway safety equipment, telephone exchanges, electricity wire placements in large cities, television using satellite signals; in the area of the control of city transportation systems: Czechoslovak bus transportation, ticket reservation and sale, weather reports on road conditions; in the area of finance: the control of teller operations in banks, a terminal net for banks and credit

unions in connection with a central office; in the business area: marketing systems using samples, and hotel and restaurant reservations; in the educational field: systems for lesson control, specialized learning centers and laboratories; in health services: systems for control of the diagnosis, healing and nursing processes, and in hospitals and health clinics, the control of registers of massive noninfectious diseases; in the area of geodesy and cartography: control systems for data input and output on microfiches, a dialogue method for formation of geodetic centers, automatic registration of measured data; in the housing economy: the automation of measuring, regulation and billing systems for the use of warm water inside apartment buildings as well as individual houses; in the meteorological area: a cybernetic information system for control and periodic checking of the quality of the atmosphere and hydrosphere.

3. The automation of construction, planning and program projects. Here, each individual area is supposed to be finished by 1995, with 395 systems.

This will involve projection systems in electrotechnology, microelectronic circuits, the automation of high integration circuits for customers and partial customers, draft documentation in metallurgy and the machine tool industry, the establishment of Czechoslovak-Soviet CAD/CAM work centering on the machine tool industry, as well as CAD/CAM on a single theme in certain complementary fields (bearings, rotary and flange-mounted parts, robots, etc.; certain types of projects which use computer graphics and the management of certain types of construction projects).

4. The automation of machines, instruments and equipment. This area is also a large program, including 6,050 systems by 1990. Among the areas involved, for example, will be systems to automate telephone exchanges, medical instruments, laboratory systems, equipment for the clinical environment; automation of industrial furnaces, locomotives, rolling stock, foundries, diagnostics, train systems, drying facilities, CNC systems, machines and equipment for various fields and areas of industrial manufacturing; in the fuel and energy field, it is automation of surface mining equipment in accordance with the safety systems in the mining industry; in other fields, it is automated measuring systems, control and diagnostic systems for mechanical textile machines, and interactive technological and design complexes.

5. The control of organizations. In this area, by 1990 the central authorities with a general role and central authorities with specialized roles are supposed to introduce a large number of automated control systems (ASR P, automatic control system for enterprises; ASR SC, automated control system for centralized control units).

The interesting systems in this area are, among others, local networks for the automation of production and nonproduction activities, distributed commercial dialogue system based on local networks using SMEP, system of pioneer and application programs of personal computers, the utilization of computer technology in view of long-term automation, electronization and robotization.

6. Products and equipment for personal uses. In this area, a 1990 target of a certain number of units was established. For example, 1,215,000 nonportable and 200,000 portable color television sets, 40,300 video recorders, 400,000 digital turntables, 1,840,000 personal computers, 1,632,000 new generation radios, 500,000 automobile radios, 23,500 tape decks and 40,000 CD players.

In the machine consumer products industry, innovation will affect 30 percent of the production of electric ranges and electronic programmers will be applied in heat storage stoves, innovation will affect 30 to 50 percent of refrigerators and freezers by using optical and sound signals and the mode control, while there will be 5-10 percent automation of automatic washers using a programmer, and the installation of wash temperature controls in 50 percent of washers.

Industrial enterprises of the Ministry of Industry of the Czech Socialist Republic and the Ministry of Industry of the Slovak Socialist Republic should be manufacturing electronic musical instruments, furniture and electronic furniture systems, toys and electronic sports equipment, valued at Kcs 150 million.

In the cultural area, innovation will affect analog records, magnetic tapes, digital records and video tapes.

The manufacturing cooperatives will increase the value of electronic products to up to Kcs 45-50 million per year (electronic musical toys and musical instruments).

7. The technological basis for the production of electronic systems applies exclusively to the FMEP (Federal Ministry for the Electrotechnical Industry), where by 1990 some 5,000 technological systems will be manufactured, as well as measuring and testing devices and equipment for diagnosis, and specialized equipment to increase the volume of production of merchandise at the VHJ ZAVT (Economic Production Unit and Automation and Computer Technology Plant).

It is assumed that each organization, production enterprise, plant, research institute and service organization will be working to implement this demanding program in several stages. The first stage (preparatory) should deal with the training of leading workers and working out the actual electronization program; the second stage should ensure the material, technical, personnel and organizational conditions required to make this program a success; while the third stage is that of actual application of the program, whether by using their own means or other types of application systems.

All organizations of production and research work centers have at their disposal specialized business and technological organizations such as Tesla Eltos, Office Equipment and Data Systems, which ensure, in addition to training and preparation of workers with individual specializations, the supply of materials and means of computer technology, including programs, documentation and concrete applications. At the present time, the discussion is no longer whether we should or have to electronize, or why and where to do so; instead, the main emphasis is placed on how to electronize. These tasks are also not to be understood in a technocratic way as a matter only for computer technology and microelectronics, because this entire problem requires a suitable social climate, and it must be looked upon as a program where the main tasks in the future will be adjusted in such a way as to fulfill a strategic goal, namely the qualitative change of the production forces in our society.



SOCIOLOGY

YUGOSLAVIA

# INFLUENCE OF RELIGION AMONG ALBANIANS IN KOSOVO

Belgrade BORBA in Serbo-Croatian 14-15 Dec 85 p 10

[Article by Mirko Mlakar: "Religion in Troubled Waters"]

[Text] It is understandable why every piece on Kosovo gives inter-nationality relations first priority. But the people are not just Serbs, Montenegrins, Albanians or Turks...there are also Moslims, Serbian Orthodox Catholics, Roman Catholics, atheists, and a few Baptists and Adventists. The Kosovo dailies write very little about this because there are not enough journalists qualified to continuously "cover" the social questions of religion. What's more, religion in Kosovo, like many other sociological so-called phenomena, is not a field of systematic study of any of our scholars.

The majority of Albanians are Moslims, as far as we know there are no Serbian Orthodox Albanians in Yugoslavia, but there are parts of Kosovo where Roman Catholicism is very evident. Such is the case in Binac, in the Vitina opstina, where there are virtually no Moslim Albanians. (By the way, there are also two Catholic parishes in that community.) Mohammedans often do not acknowledge Catholics as "true" Albanians. Previously, it was easy to tell them apart by their last names. For example, the Albanians who early on embraced Christianity converted to Islam with the arrival of the Turks, thus their first and last names became Turkish-Arabic (i.e., Emin or Mehmet), with only a few of them holding on to their old names (Pieter or Djon). Today this is relatively important, even though, for example, the Shirokas continue to be predominantly Catholic. In remote areas, differences can still be noted in dress and general life style. If we were to generalize, Moslims to a greater extent are engaged in pastry-making, and Catholics will filigree jewelry and similar crafts.

The others' souls are watched over by the 20 Albanian priests who fall under the Skopje-Prizren bishopric. For 16 years they have been publishing the religious-cultural review "Drita." In addition to the 112 issues published to date, this journal also does something for the younger generation; because religious literature is scarce (the New Testament, etc.), they are working on enriching it, by translations, etc., a similar predicament to what the Moslims are going through.

It seems that the Roman Catholic Church is the most imaginative in finding efficient ways to interact with its believers: it successfully organizes



excursions, athletic and cultural-social life, and free time in general, in particular that of the young. But in this Church as well, even though it is known for its monolithic ways, there are differences among the clergy. Thus in Janjevo and Prelepnica, tension can be noticed between the priests who pronounce the rites in Albanian and those who "receive" in Serbo-Croatian.

#### Prizren Crossing

The Supreme Authority of the Islamic religious community for the Socialist Republic (SR) of Serbia is found in the capital of the Province. The highest mufti religious district (muftijstvo) (a mufti is roughly comparable to a bishop in christianity) is in Pristina, which also oversees five more councils of the Islamic community (Titova Mitrovica, Srbica, Glogovac, Podujevo, and Lipljan), and this includes over 100 mosques. The fact that two thirds of the 100 imams are poorly qualified (this situation also exists in other areas, not just in Kosovo), is addressed by the Alaudin medrese (Moslim religious high school); in this Pristina high school there are over 150 students. In addition, out of five Islamic papers in Yugoslavia, only one is in Albanian - "Edukate Islami."

Prizren is where Roman Catholicism, Serbian Orthodoxy and Islam most often meet. The seat of the Raska-Prizren bishop Pavao is in this city, as well as the Serbian Orthodox theological seminary (theological high school). The Islamic community oversees 21 mosques (no longer intended solely for the use of Pasha Sinan), and the council maintains 36 mosques and mescits (small mosques) from the surrounding villages. There are also a few tekkes (Moslem monasteries) in Prizren.

It could be said that in the Croatian, Serbian or Moslim case, the rule applies that no nationalism exists without clerico-nationalism. Thus, while we could say that the plans of the Croatian nationalists have to coincide with the petty-political designs of the irreconcilable right-wing of Catholicism, the "marriage" of Albanian nationalism with Islam is almost nonexistent. When H. Haimet Hadjiabdic, Reicul-Ulema, the supreme Islamic leader in Yugoslavia, met with President of the Commission for Relations with the Religious Communities, of the Executive Council of the Assembly of the Socialist Autonomous Republic (SAP) of Kosovo, Refik Agaj, they concluded that relations between the Islamic and socialist communities were good, and no intractable problems existed. That Agaj's words were not merely protocol, is substantiated by the fact that not a single imam, teacher or student at the medrece participated in the 1981 demonstrations. Not only did they not fall in with the counter-revolutionaries, but they contributed to attempts to resolve the "complicated situation."

#### Hoxha, the Temporal God

This cannot be dismissed as just faithfully following mohammed's instructions (among other reasons because love of one's homeland, tolerance and similar messages are found in other faiths); but taking everything into consideration, the fact is that if anything, the nationalist organizers based their activities upon the ideology of Enver Hoxha. In other words, every sincere irre-

dentist is attempting to work for the annexation of Kosovo into Albania, which, as a true Stalinist country, has proclaimed itself the "first atheist state." Put simply, Hoxha and his successors have elevated themselves to the level of temporal and divine gods. There is no room for other gods under his regime, and the only religion not persecuted is the intoxicated cult of a "Great Albania!" This is where Albanian nationalists meet, and it looks like they will meet (when their ideological face, that is mask, is finally completely uncovered) with increasingly insurmountable difficulties. This is to say that the majority of Albanians are religious, and they will not happily exchange entry to a Greater Albanian false paradise for a rejection of their cherished faith.

The Albanians connect religion, which does not suit the irredenta either, with other Yugoslav nations and nationalities. But, there is another side to the coin. Specifically, the nationalities which make up the majority of the Islamic religious-cultural circle are in fact the most closed off, which brings up the fact that they could become even more so. Or, what does it mean when an Albanian Catholic enters into marriage with a Croat or a Slovene, but will not with a neighboring Serb, just because she is not of his religious persuasion?

Consequently, the great degree of religious freedom in Yugoslavia, combined with the intolerance of irredentist entities toward anything religious, make it clear that any religious official who supports the insidious "annexation" of part of our country to Albania would in fact be working against himself and the interests of those of his faith. But this in no way implies that clergymen never work for "nationalist concerns." Just as there exist fundamentalists ("the Young Moslems") who support the idea of a religiously and ethnically "Pure Bosnia-Herzegovina," similar phenomena can be found in the Province. With this in mind, the intensity of the construction quarrels along the lines of: "If the Serbs (Serbian Orthodox Catholics) build a new church in Klokot, we'll build two mosques in the neighborhood - let them see who is boss here," is indicative.

#### Saudi "Concern"

Pressure on non-Albanian Moslems, known in the SR Macedonia as Banians, has been noted in western parts of Macedonia. The Supreme authority for the Islamic religious community for the SR Macedonia, the journal "Preporod" writes, "claims with satisfaction that not one religious official in its jurisdiction was involved in the hostile demonstrations, or in Albanian irredentism or nationalism, but, they say that these occurrences have had certain repercussions within its jurisdiction."

Along the way, individual foreign journals present the suppression of Albanian nationalism as an attack against Islam. To what extent this disinformation goes can be shown with an example from "Ed-D'ava el-Islamiya," a weekly published in Riyadh (Saudi Arabia). In a lengthy article entitled, "The Communists Reap a Moslem Harvest in Yugoslavia" (issue from 22 Sha'ban 1403 according to the hegira calendar, or 1 August 1983) which among other things states that in 1981 the Kosovo Moslems were seeking their civil rights, and

that the Party sent tanks into the streets and killed thousands of Moslems! This respected paper's "accuracy" guarantees the statements that during Bajram 12,000 Moslems were murdered in the Great Mosque in Foca, more than 6,000 were slaughtered on the Gorazde bridge, still more in Macedonia, and on and on with similar lies.

In our "religious wars" people do not suffer - their remains do, specifically the Moslem clergy could stand to be a little more vocal in taking a stand against the barbaric acts occurring over graves or the vandalism to sacred objects in Serbian Orthodox churches. It has been noticed that, for maximum negative effect, the desecrators of the graves destroy the monuments on the eve of mass visits to cemeteries.

National divisions have been transmitted to religious relations: on the one hand Serbs and Montenegrins (mainly baptized Serbian Orthodox Catholics) and on the other hand Albanian (Moslems and baptized Roman Catholic "factions") continue in "troubled waters," or in the words of one report, "objective problems and weaknesses in the struggle for a stabilized situation are being misused." Those controlling the situation have noticed that some arms of the Serbian Orthodox Church have attempted to put themselves in partnerships with socio-political forces, and that this has resulted in an elevation of the Church to the position of a real legitimate representative of the interest of the imperiled Serbs and Montenegrins.

In the existing atmosphere in Kosovo, everything receives a different significance and higher specific weight. Thus, funerals have become less of a religious rite and more of a nationalist assembly which have significantly more non-religious people attending than before the counter-revolutionary demonstrations. In the same way games in the church-yard have grown into gatherings (not only of believers) of Serbs and Montenegrins. Or, when the Patriarch German and his Moscow colleagues Pimen and Gracanici arrived in Kosovo, 10,000 people greeted them. If it had been in healthier times, there certainly would not have been so many. In Belgrade, for example, the patriarchs were greeted by fewer than a thousand people.

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